

AVIA
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CLOCKS

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 4.25; FRANCE Fr 3.5; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 4.25; PORTUGAL Esc 35; SPAIN Ptas 60; SWEDEN Kr 3.75; SWITZERLAND Fr 2.0; EIRE 20p

NEWS SUMMARY

GENERAL

Knifings bring walkout on Tube

Walkouts were called on large sections of London's Underground network last night and tonight in protest against violence against staff and passengers.

Police hunt for gunmen

Armed police combed the North Broadways near Lowestoft for an "extremely dangerous" teenager who tried to shoot two policemen in a motel.

Israel snubs U.S.

Israel has rejected a U.S. proposal for a new Security Council resolution recognising Palestinian rights.

Seamen freed

A Soviet court found two British seamen guilty of "malicious hooliganism" but freed them on an 8-month suspended sentence.

Bokassa aid cut

France suspended all aid except food, health and education assistance to the Central African Empire.

Liberals expelled

The Welsh Liberal Party expelled its Cardiff South branch for supporting the Conservative candidate in the general election.

Minister to wed

One of Rhodesia's most outspoken ministers, Pieter Van Der Byl, 55, is to marry Princess Charlotte of Liechtenstein on August 31 in Austria.

'18 beheaded'

Iran accused Kurdish rebels of beheading 18 people in the embattled border town of Paveh.

Hospital deaths

Three women have died after an outbreak of salmonella poisoning at Clifton Hospital, York.

Briefly...

Afghanistan's military attacks in New Delhi. Col. Mohammad Sarwar left his post and sought asylum in Pakistan.

Police and troops mounted dawn raids on Sinn Fein offices in West Belfast.

CHIEF PRICE CHANGES YESTERDAY

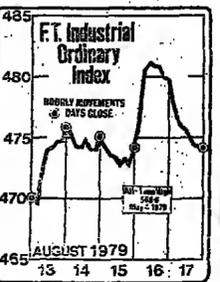
(Prices in pence unless otherwise indicated)

Assoc. Lenses	109 + 2	Beecham	143 - 4
Davenport	101 + 8	Belhaven	37 - 4
Ewart New Northern	80 + 5	Bestobell	210 - 12
Jleeson (M. J.)	40 + 4	Brown (J.)	423 - 12
May and Hassell	58 + 5	Clifford (C.)	123 - 5
Jliver (G.) A	95 + 5	Grand Metropolitan	145 - 5
Joseph	302 + 12	Hallam Sleight	34 - 6
Anglo-African Coal	325 + 75	Midland Bank	970 - 8
Doornfontein	311 + 14	Peters Stores	75 - 4
Harrington Areas	220 + 10	Royal Insurance	348 - 7
Union Corp.	387 + 15	SEET	66 - 6
Welkom	311 + 19	Trusthouse Forte	145 - 4
FALLS:		Sbel Transport	326 - 6
Treasury 113pc '89-07			

BUSINESS

Equities ease; Pound slips

EQUITIES eased ahead of the July trade figures next week and the FT ordinary index closed 5.5 down at 474.2, making an overall gain of 4.2 on the week.



GILTS slipped, and the Government Securities index fell 0.39 to 73.64.

STERLING lost ground and closed 40 points down at \$2.2180. Its trade-weighted index fell to 70.7 (71.0) and the dollar rose slightly to \$4.7 (4.6).

GOLD rose \$13 to \$299 in London.

WALL STREET was 6.77 up at 884.81 just before the close.

GROSS DOMESTIC PRODUCT rose by nearly 3 per cent between April and June compared with the previous three months, representing a recovery from the low levels of activity during the winter, according to Government statistics.

ABBEY NATIONAL, one of the UK's major building societies, is in "advanced negotiations" with a local council over plans to establish its own housing association.

DUNBEE-Comber-Marx, the toy manufacturer, is sending shareholders a new set of 1978 accounts because of errors that appeared in the original version which were discovered during a review of audit working papers.

PRESIDENT CARTER has lifted price controls on heavy crude oil in an effort to encourage oil companies to extract the deposits in the west and south of the U.S.

TEXAN oilfield fire and blowing expert Mr. Red Adair, has said that safety standards in the North Sea are probably higher than in the U.S.

NORTH SEA catering workers have ended their three-week strike and following an agreement which includes an improved pay offer and the introduction of life insurance cover, workers are returning to offshore oil rigs to resume normal duties.

ANTITRUST suit has been filed in the U.S. against the proposed acquisition by Merck of Algate Industries of the UK, the world's leading producer of Algate, an extract of seaweed.

CORAL LEISURE Group pre-tax profits for the six months to June 30 fell from £7.14m to £5.85m on sales up from £136m to £155m.

BROKEN HILL Proprietary, Australia's largest industrial group, plans to raise almost A\$135m (\$151m) through a rights issue to finance further developments and investment.

SPILLERS, the second biggest British flour miller, is raising its prices by an average 8 per cent—or £16 a tonne—from September 3.

ALCAN (UK) pre-tax profits for the first half of 1979 fell from £5.1m to £3.6m in spite of sales up from £136m to £149.3m.

As index showing effects of tax cuts is launched...

Retail prices rise by record 4.3% on Budget increases

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The Government yesterday attempted to counter the impact of a record rise in retail prices last month with the announcement of new index designed to show the effect of income tax cuts.

The retail prices index rose by 4.3 per cent in the month to mid-July to 229.1 (January 1974=100). This is fractionally higher than the rise after the spring, 1975, Budget.

About 75 per cent of the increase was the direct result of the June Budget increases in Value Added Tax, tobacco and petrol duties and prescription charges.

The result is that the 12-month rate of retail price inflation accelerated to 15.6 per cent last month compared with 11 per cent previously.

The new Tax and Price Index rose by 13.2 per cent in the year to July. The difference between this and the increase in retail prices is explained by the reduction in income tax over the period. Both indices will appear on the same day each month.

The new index reflects changes in both prices and taxes and measures the increase in gross income (before tax) needed to maintain take-home pay in real (inflation-adjusted) terms.



Mr. Nigel Lawson, Financial Secretary to the Treasury, claimed the index gives a "better indication of changes in total household costs than the retail prices index does on its own."

Mr. Lawson argued that yesterday's figures showed that the tax cuts in the Budget wholly offset the combined effect of the increase in VAT and the underlying rate of inflation between the two months.

This point was disputed by Mr. John Kay, the director of

research at the independent Institute for Fiscal Studies which has produced a similar indicator. He said the official index was presented in a manner designed to put the effect of the Budget changes in the most favourable light, largely because of the treatment of the timing of tax changes.

A comparison of the new index with the increase in average earnings suggests that the growth of real incomes is slowing substantially.

The 12-month rate of retail price inflation may only edge up gradually from now, before possibly falling back in 1980, following the recent bunching of prices rises.

The Treasury forecast in mid-June that the 12-month rate would rise to 17 per cent by November and this view still stands as the rise in sterling and the sharp increase in crude oil prices have largely cancelled each other out.

Continued on Back Page Editorial Comment and Feature—Page 14

Murray says VAT increase must go

By Christian Tyler, Labour Editor

THE RECORD rise in the retail prices index demonstrated that the Budget strategy should be reversed, Mr. Len Murray, TUC general secretary, claimed yesterday.

The increase in Value Added Tax to 15 per cent should be withdrawn and a policy for economic growth which would increase real living standards adopted.

July's 4.3 per cent advance in the RPI "demonstrates the extent of the damage caused by the Government's Budget. Prices in the shops, which unlike the tax cuts, affect everyone equally, are now soaring, hitting everybody's living standards."

Referring to the motion on economic policy that the TUC general council is putting to next month's annual congress, Mr. Murray said trade union members would be seeking to maintain jobs and living standards through collective bargaining.

The TUC, like the Government, will not name a figure for wage rises in the coming pay round. But its defence of the RPI as the appropriate measure of living costs and sharp criticism of the new tax and price index could encourage those union leaders who are already suggesting that the current RPI figure should be the starting point for pay claims.

Introducing the new index yesterday, Mr. Nigel Lawson, Financial Secretary to the Treasury, claimed that "maintaining the standard of living was not the point of wage bargaining."

Although the TPI is widely seen as part of the Government's effort to moderate pay claims, Mr. Lawson said there was no case for using any index, whether the RPI or the TPI, as a basis for wage bargaining.

Our approach is clear. Wage rises should reflect the productivity and competitive position of the individual organisations, their profitability and the constraints implied by the Government's monetary and fiscal policies."

But he conceded that the unions' habit of using the RPI would not be broken overnight. Asked if the new index was an attempt to discredit the RPI, he said: "I would like to discredit all indices as a measure for negotiations. The TPI was, however, a useful guide to the overall movement of household costs."

Continued on Back Page

Shipyard calls to resist closures plan

BY OUR LABOUR STAFF

BRITAIN'S \$2,000 shipyard workers were yesterday urged to call a "national campaign of resistance" to the yard closures and mass redundancies unveiled by British Shipbuilders on Thursday.

The call, from shop stewards at the Scotstoun Marine and Govan yards on the Upper Clyde, came alongside an implied warning by British Shipbuilders that the cuts could be even more severe if its target for orders between now and 1981 was not met.

On Thursday, union leaders were told that three yards, all in Scotland, would close, and a fourth, also in Scotland, would be put on a care-and-maintenance basis. With cuts elsewhere there would be 6,000 redundancies.

Action against the proposals started with a walk-out by over 5,000 workers at Scotstoun Manne, which is to be closed, and Govan. At a mass meeting held to discuss the proposals, they decided to impose an indefinite overtime ban.

The ban will have an immediate effect on the £71m Polish ships order won by the yard after guaranteeing normal working in January last year.

The Confederation of Shipbuilding and Engineering Unions will hold a delegate conference in Newcastle-upon-Tyne on Thursday to debate the planned closure of four yards and about 6,000 redundancies.

Shop stewards from Scotland plan to hold an emergency meeting earlier in the week to discuss their strategy.

Mr. Sammy Gilmore, Govan convenor, said in Glasgow: "Anger and resentment are running through the place. There will be a complete overtime ban while the threat of closure remains."

"There will be no further co-operation from the workforces at Govan or Scotstoun."

British Shipbuilders said yesterday its restructuring proposals for merchant shipbuilding depended on the corporation's winning 45 new ship orders by March, 1981.

The corporation's objective of a total reduced annual capacity of between 400,000 and 420,000 compensated gross registered tons would be achieved only "if already planned improvements in productivity are maintained and new orders won."

There were prospects for several overseas orders for ships and offshore equipment.

The corporation yesterday published details of its proposed cuts, which are to be phased over the next 18 months.

This timetable suggests that the corporation is taking seriously the implications of last month's Government shipbuilding policy statement. It is set a ceiling of £100m on British Shipbuilders' loss in the year to next March and one of £90m for that in the year to March, 1981.

The Industry Department was told of the proposed cuts earlier this week.

Scotstoun would suffer the most, British Shipbuilders said, because other areas, particularly the north-east, had already suffered their share of redundancies.

Yards affected are: Scotstoun Marine, part of Govan Shipbuilders on the Upper Clyde, 2,300 redundancies. The total includes a small number at the Govan yard.

Carlisle, part of Scott Lithgow, on the Lower Clyde, 300 redundancies.

Robb Caledon, Dundee, 1,100 redundancies. The Leith yard to stay open.

Scott and Sons (Pawling), part of Scott Lithgow, on the north bank of the Lower Clyde, 238 redundancies.

British Shipbuilders also plans to restructure work, with some redundancies, at other yards this year and seven next year.

Smith's Dock Company, on the Tees is to lose 150 jobs.

North Sands yard, part of Sunderland Shipbuilders, is to lose 550 jobs. Shipbuilding will cease. But it is to be kept as the main outfitting yard for the company.

Commell Laird at Elsenhead is to lose 1,000 jobs and the yard will concentrate on naval work with some short term specialist merchant ship work.

Scott Lithgow's Kingston Glen yards on the Lower Clyde will switch from merchant shipbuilding to offshore work.

Govan Shipbuilders, Upper Clyde yard is to produce more complex ships, including ferries, and product and chemical tankers.

The Hepburn yard of Swan Hunters on the Tyne will include a new training shipyard school, for the north east.

The corporation also plans to cut 250 jobs at three marine engine builders, all on the Lower Clyde at Greenock. They are the Cuvial Engineering Company and Scott's Engineering Company, both part of Scott Lithgow at John G. Kincaid.

The greatest problems with his programme to occur at Commell Laird, because of the lack of alternative work on Merseyside.

Taxman urges 'realistic' rate on company cars

BY DAVID FREUD

THE GOVERNMENT launched its expected attack on fringe benefits with an Inland Revenue consultative paper released yesterday.

The paper deals with company cars and petrol used for private motoring. It proposes that tax on these benefits should be increased to a "realistic" rate.

This area was singled out for early review because motoring perks are believed to account for about 80 per cent of the total value of fringe benefits.

There are four key proposals on which consultation is invited. These are:

- Raising the level of benefit under which employees who use company cars for private motoring are assessed. The scale of notional value is considered unrealistically low.
- Abolition of the earnings threshold, at present £5,500, below which the benefit is not taxed at all.
- Introduction of taxation on

company petrol provided free for private motoring.

Implementing the changes through employers adding the value of the benefits to wages and salaries each pay-day before deducting tax at source.

Mr. Peter Rees, Minister of State at the Treasury, warned about the attack on fringe benefits last month in the committee stage of the Finance Bill. He said any responsible Government would want to look at "the whole field of perquisites" and see what could be done.

The paper argues that the growth in non-cash benefits is the inevitable result of a regime of high personal tax rates.

The benefits are inequitable and distort the employment market. Therefore action is required to discourage further growth and "if possible, to bring about a contraction."

The Revenue estimates that there are between 1.5m and 2m company cars in use at present, with 500,000 provided for the

higher paid and directors and the remainder to employees earning less than £5,500.

The present benefits scale brings in about £65m in revenue annually. If the scale was increased to the level of the Automobile Association's figures for the cost of motoring, an additional £150m would be raised.

Abolition of the earnings threshold would bring in further revenue estimated at roughly £180m. Introduction of both measures would provide finance to take almost 10 off the 30p basic rate of tax.

The Revenue said abolition of the threshold would not take effect until 1981-82, although the other changes could be implemented in the next financial year.

The Confederation of British Industry said that while it welcomed the attack on fringe benefits, it would be wrong to class every company car as a perk.

Details, Page 17

U.S. move for Stenhouse stake

BY JAMES BARTHOLOMEW

CONTINENTAL Corporation, the diversified U.S. financial group which ranks fourth among U.S. property and casualty insurers, intends to take a 20 per cent stake in Stenhouse Holdings, the British insurance broker, through market purchases.

The investment would cost \$8.6m at the price of \$71p per share at which Stenhouse shares were suspended yesterday. But the shares are expected to move ahead substantially now that such a heavy buyer is in the market.

The move follows a series of proposed or actual tie-ups between British and American insurance brokers such as C. T. Bowring with Marsh and McLennan, Sedgwick Forbes and Bland Payne with

Alexander and Alexander, and Minet Holdings with Caroon and Black.

This deal is different because the association will be made between a broker and an underwriter. Stenhouse believes that it is breaking new ground in the arrangement which recognises the increasing closeness between broking and underwriting operations.

Although the management of the two companies will be kept separate and Continental will not have a representative on the Stenhouse board, the companies aim to develop areas of co-operation.

Stenhouse will obtain some of Continental's computer expertise and Continental will use Stenhouse's knowledge of managing industrial companies'

in-house insurance concerns. Both will combine in managing a syndicate on the planned New York insurance exchange. Stenhouse claims there is no similar arrangement of a comparable size between other brokers and underwriters.

Continental Corporation—consolidated assets of \$7bn—says that its main aim is to buy the stake as an investment. "International insurance broking is a continuing growth sector," said Mr. V. Lee Barnes, an executive vice-president. Possible co-operation was a secondary consideration, the U.S. group said.

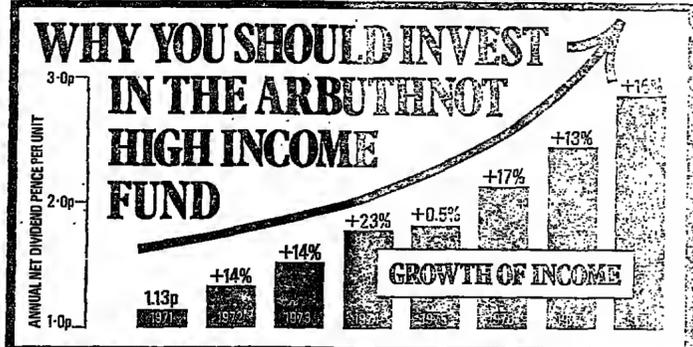
It has many minority stakes throughout the world including a 20 per cent interest in Fidelity Assurance, the British composite insurance company.

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OVERSEAS NEWS

Pretoria modifies hostility to Lusaka accord

BY QUENTIN PEEL IN JOHANNESBURG

THE South African Government has modified its initial hostility to the Lusaka agreement for an all-party conference on Rhodesia...

London. Officials in Pretoria say the South African response was supposed to be "cautiously negative"...

rather than international solution in neighbouring Namibia (South West Africa)...

gima on its borders is more restrictive than that of the British Government...

Front Line states. Dr. Nyerere, who played a key role in framing the Commonwealth Conference statement on Rhodesia...

UK NEWS

Abbey National planning to build houses

BY ANDREW TAYLOR

ABBNEY NATIONAL Building Society is holding "advanced negotiations" with a local council over a plan to set up its own housing association...

with several local authorities and talks with one council were "at an advanced stage"...



Mrs. Indira Gandhi

Gandhi joins attack on British Jaguar deal

By K. K. Sharma in New Delhi

MRS. INDIRA GANDHI, former Indian Prime Minister, yesterday joined the attack on the proposed purchase of the Jaguar fighter aircraft from British Aerospace...

Texan oil expert praises North Sea safeguards

BY ELAINE WILLIAMS

MRS. RED ADAIR, Texan oilwell fire expert, yesterday said that safety standards in the North Sea were now probably higher than in the U.S.

He returns today to resume work on the first exploration well in the Mexican Gulf of Campeche...

U.S. profits fall in 2nd quarter

By Stewart Fleming in New York

THE PERFORMANCE of the U.S. economy in the second quarter was not as weak as preliminary estimates suggested...

Safety checks ordered on F-16s

BY DAVID BUCHAN IN WASHINGTON

THE UNITED STATES Air Force is inspecting engine mount bolts on all of its 48 new F-16 aircraft...

Bid to unseat liberal Senators

BY OUR WASHINGTON CORRESPONDENT

CONSERVATIVE activists in the U.S. have announced that they plan to spend \$700,000 by the end of this year in a media blitz against five liberal Democratic Senators...

French cut off aid to Bokassa

By Robert Mauthner in Paris

FRANCE yesterday cut off all aid except food, health and education assistance to the Central African Empire...

Channel Tunnel study consortium formed

BY LYNNON McLAN

A CONSORTIUM of construction companies from France, Germany, Holland and Britain has been formed to produce a study of a submerged, tube Channel tunnel by next spring...

The group, in outline, was formed a year ago with Britain's Costain Civil Engineering and the Anglo-Dutch Royal Bos Kallis Westminster Group...

Mammoth Tehran rally to back Palestinians

BY ANDREW WHITLEY IN TEHRAN

WELL OVER 100,000 Iranians took part yesterday in a mammoth procession through the streets of Tehran, in response to a call by Ayatollah Khomeini to show solidarity with the Palestinians...

Spanish prices up 2.3% in July

BY ROBERT GRAHAM IN MADRID

SPAIN'S CONSUMER price index rose 2.3 per cent in July, according to provisional figures released by the National Statistics Institute...

Spanish consumer price index

for by new prices introduced in July for products such as fuel oil and home gas...

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Alan Mackie in Cairo reports on Egypt's dilemma over development of tourism along its coral reefs

BY ALAN MACKIE IN CAIRO

For the time being, that looks about the extent of expansion for a number of reasons. Firstly, Hurghada has limited utilities. Water is piped directly from Qena on the Nile...



Oil discoveries bring new battles to the Red Sea

JOURNEYING SOUTH along the Gulf of Suez, the desert sky clouds over as the traveller approaches Ras Shukair from the offshore flares in the oil fields...

For the time being, that looks about the extent of expansion for a number of reasons. Firstly, Hurghada has limited utilities. Water is piped directly from Qena on the Nile...

tion. Mamdouh Ibrahim thinks this is almost inevitable. He sees Hurghada as the staging post for gradual development south towards Safage and Berenice...

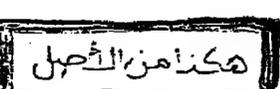
France yesterday cut off all aid except food, health and education assistance to the Central African Empire...

APPOINTMENTS

Midland Bank post for Lord Cledwyn

Lord Cledwyn has been appointed a regional adviser in MIDLAND BANK's special responsibilities for Wales...

Mr. John Davidson has taken an appointment as director of BRITISH INDUSTRY in Scotland...



UK NEWS

مركز من التحليل

Spillers raises flour prices by 8%

BY CHRISTINE MOJR

SPILLERS, THE second biggest flour miller in the country, is increasing its prices by an average 8 per cent or £16 per tonne from September 3.

Auriol chairman fights resignation moves

BY ANDREW TAYLOR

MR. MICHAEL CAHILL is to fight action to remove him as chairman of Auriol Housing Foundation which was criticised by the Housing Corporation this week for alleged mismanagement.

Commonwealth new town talks

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

TWENTY-EIGHT countries will be represented at a Commonwealth New Towns Conference in East Kilbride, near Glasgow, in September.

Liberals expel Cardiff branch

By Robin Reeves, Welsh Correspondent

THE WELSH LIBERAL Party has expelled its Cardiff South East branch for backing the Conservative candidate in this year's general election.

Shipyard cuts that hurt so badly

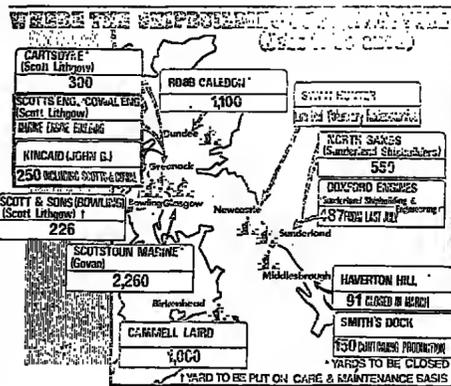
BY LYNTON McLAIN

THE CUTS in British Shipbuilders' workforce were as inevitable as they are painful. The only surprise in yesterday's statement by the corporation—confirming the loss of 10,000 jobs—was the scale of the cuts and the lack of news about the ailing ship-repair business.

Another grim twist to the tale of Upper Clyde

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SEVEN YEARS ago, a demonstration in Glasgow of men from the collapsed Upper Clyde Shipbuilders brought tears to the eyes of Mr. John Davies, then Trade and Industry Secretary.



More coal for power plants likely

By Elaine Williams

A NEW PLAN for the long-term supply of coal for electricity generation is likely later this year.

Contraction

The breathing space they hope to gain by preventing the completion of ships still on the slipways will give their unions the chance to try to persuade the Government to follow the example of its predecessor in 1972 and abandon the policy of letting the weak go to the wall.

LABOUR NEWS

Vauxhall plant chief warns workforce over productivity

BY RHYS DAVID

EMPLOYEES AT Vauxhall's Ellesmere Port plant, Cheshire, have been warned that falling productivity standards must be raised if the factory is to secure its share of General Motors' European expansion plans.

North Sea catering strike ends

THE THREE WEEK strike, by North Sea catering workers is over after the employers and the Transport and General Workers Union and the National Union of Seamen met yesterday in Aberdeen.

Cammell Laird's job losses deepen Birkenhead gloom

BY RHYS DAVID, NORTHERN CORRESPONDENT

WHEN BIRKENHEAD began its period of rapid growth in the 19th century it was intended that it should develop as a model industrial city, the boom in port-related industries supporting a high standard of housing laid out in a grid pattern and crowned by splendid public buildings and amenities.

GEC strike continues

A STRIKE at GEC's power engineering complex in Stafford has entered its third week with little prospect of an immediate return to work.

Housing plan criticised

THE Association of Metropolitan Authorities has expressed concern over the Government's plans to offer shared ownership to council house tenants.

Former chaplain to Queen dies

THE Bishop of Sheffield, the Right Reverend Gordon Fallows, died yesterday. He was aged 66.

Axe sinks deep in the North-East

AS ON MERSEYSIDE, the closure in the North-East will affect an area already badly hit by high unemployment and the decline of traditional industry.

Advantage

GEC-Fairchild, for example, is creating up to 1,000 jobs at a new microprocessor plant at Aleston and a major expansion of its reprocessing facilities is planned at Warrington by British Nuclear Fuels.

NALGO delay

A DECISION whether to call industrial action by health service area and district works officers, following the breakdown of pay talks, was yesterday deferred to next month by the National and Local Government Officers Association.

THE WEEK IN THE MARKETS

Swallowing a surfeit of stock

Once again the gilt-edged market and its remarkable capacity for swallowing new issues have held the centre of the stage.

Equities, although occasionally faltering, have continued their modest recovery. At the end of last week it looked as though gilt-edged were in for a fairly drastic bout of indigestion.

The recall of special deposits by the Bank of England on Monday guaranteed a tight money market for a couple of days.

Enough of the new stock was sold on subscription on Wednesday for the rasher elements in the market to be tempted to try to buy out the remainder the following day.

But the Government Broker kept his prices relatively high, and though a further substantial slice was sold at a premium, there is still some stock in official hands.

Had the stages succeeded in buying out the top gills would have moved ahead sharply. But as they failed, the market lost some ground, and the disappointing retail price figures yesterday morning - investors were ready for 31 per cent but only 24 per cent - brought some selling of sterling and made matters worse for gilts.

The buying of equities, which had been taking a lead from gilt-

edged, fell off and the FT 30-share index relapsed after having gone above 480 at one stage on Thursday.

FIFO financing

Forced by UK fiscal regulations to adopt the First-in First-out (FIFO) method of inventory accounting, Shell may be finding it difficult to respond to OPEC countries' criticisms of high oil company profits.

To the large year to June 30, the Royal Dutch/Shell Group of companies produced net income of £1.3bn against £394m.

If an advance on this scale was enough to make an oil sheik blanch, Shell was at pains to point out during the week that stock profits and, to a lesser extent, currency trans-

lation gains, were entirely responsible.

Most international oil companies, with the exception of British Petroleum, use the Last-in First-out method of inventory accounting (LIFO) which means they are rebalancing and selling oil purchased at the latest available price.

One hopes that this message has been received by OPEC members for the oil company

Stock profits at the interim stage, Shell calculates, amounted to £400m, of which some £280m fell in the second quarter.

In addition, currency translation gains totalled £134m and £57m of that gain accrued in the April-June period.

So the real rate of improvement at the halfway mark was only 25 per cent, and at around £37m, net income in the second quarter was some £10m down on first quarter levels.

One hopes that this message has been received by OPEC members for the oil company

needs to build up supplies. Stocks have run down to the minimum safe operating level of 71 days and the group needs a further 20m barrels to return to the level of inventories held at this time last year.

Capital spending in the first half of 1979 amounted to £1bn and a further £900m was invested in necessary increases in working capital.

Stalking Spillers

It has been a hard week for Mr. David Donne and Mr. Andrew Turero, chairman and chief executive of Dalgety. Their long rumoured bid for the Spillers food group this week has not been greeted with acclaim by the financial pundits.

More seriously, it immediately prompted the resignation of one of its non-executive directors, Mr. Alfred Singer, a well-respected City figure.

But the battle for control is only just starting, and Dalgety has got all its cards to play. Suggestions that the terms are too low are roundly rejected by Mr. Turner, mainly on the grounds that they would give Spillers shareholders a dividend increase of 50 per cent.

That is only if Dalgety itself is forecasting a very big dividend increase for the year which has just ended. But Mr. Turner stresses that the decision to increase the payout was taken at a Board meeting last Friday, before the directors got down to working out the offer for Spillers.

The payment is well covered and is justified in its own right, he maintains.

There is no denying that a successful bid for Spillers would represent a very big mouthful indeed for Dalgety. It would have to increase its equity by more than a half under the present terms.

But as Mr. Donne points out, Dalgety has a rather good record when it comes to take-overs. In the past decade, it purchases in the UK have taken it into major animal feeds chemicals and other areas: just about all the companies it

has bought have flourished, and profits in the UK have been built up from nothing to over £12m over the period.

The U.S. had some problems with one of its purchases. But, according to Mr. Donne, the group has now paid its entry fee and is soundly based.

Dalgety and Spillers fit well together in several areas. Together, they would be a force to be reckoned with in UK animal feeds, and in grain trading and merchandising.

Spillers' recently acquired subsidiary in the U.S., Modero Maid, would benefit from a closer association with Dalgety's existing food production and distribution interests in North America.

So far so good. But the big uncertainty concerns Spillers' flour milling operations, which is far and away its most important activity. Yesterday's flour price increase does not make any difference to the long-term outlook for this activity which is, at best, uncertain.

Highly profitable in recent years, the returns in this keenly competitive business are likely to be much lower in the future, especially now that Spillers has pulled out of its loss-making bread side.

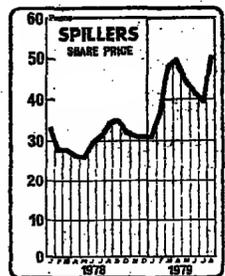
The bid arguments are going to revolve around the future of Spillers' milling business. Meanwhile Dalgety is keeping its head down - and Spillers' shareholders should take no action.

Tube tumbles

Shareholders could not have been pleased at the decline in pre-tax profits at Tube Investments announced this week. The drop by one fifth from the first half in 1978, from £37.9m to £30.4m, resulted from a variety of problems, domestic and foreign.

The group's first quarter profits were much lower than last year's, partly because of the road haulage strike and harsh winter weather problems. But things did not get any better when an increasingly strong pound hindered recovery in the second quarter.

The group's chairman warned at the annual general meeting



In May that profits would be down for the first half, but he may not have been thinking of a drop of nearly 20 per cent.

He may, however, have been referring to the major problems which have faced Tube Investments in Nigeria and Iran. Exports suffered in the former as a result of depressed market conditions. Bicycle sales to Iran were also seriously affected by the disruption there.

The group has also been plagued by falling margins in the steel tube and steel sector, which employs more of the company's assets than any other division and accounts for approximately 30 per cent of external sales.

Nevertheless, the group put its interim dividend up by 14 per cent this year, and this can be taken as some consolation. Further, the share price hasn't suffered much, hovering around 330p, with an attractive yield of over 10 per cent possible if the final dividend is increased along the lines of the interim.

Composite caution

UK insurance companies are not going to shake off the effects of last winter's severe weather in a hurry, according to the half-yearly figures of the three major U.S.-orientated composites, Commercial Union, General Accident and Royal.

Although a much better picture was shown in the second quarter, which was free from inclement weather and any major natural disaster, their half-yearly results were well down on 1978.

Insurance business in the U.S. is firmly in the doldrums of the cycle, and even the Royal admits that companies cannot buck this trend. Underwriting losses seem inevitable even under normal weather conditions.

Trading conditions were much better in the UK in the second quarter. GU managed to offset its first-quarter losses and show a small profit on the half-year, and Royal almost made it. But GA, with its large motor account, was still experiencing problems.

In general all three composites over the rest of the year should at least break even on underwriting. Investment income, meanwhile, remains buoyant. But at the end of the year, pre-tax profits of GA could be unchanged at £90m, but both CU and Royal are likely to show declines. CU from £142 to maybe £136m and Royal from £153m to around £135m.

On a rising note

FOR THE moment the Fed has had it. On Wednesday the Dow Jones Industrial Average set a new peak for the year on trading volume which was the highest since last November. The Transportation and Utility Averages moved in unison and recorded their best performance while the secondary stocks have maintained their buoyant market which got under way last year.

The American Stock Exchange Composite Index's close on Wednesday of 208.11 was the 30th time it had established a new record this year. Over the counter stocks as measured by the NASDAQ averages were also at a new high and the NASDAQ composite was 24 per cent higher than its 1978 close.

Since then prices have given a little ground, but not a bit in the face of an increase in the commercial banks' prime rate from 11 1/2 per cent to 12 per cent. A push in the Federal Reserve Board's funds rate target from 10 1/2 per cent to 11 per cent and an increase in its discount rate from 10 to 10 1/2 per cent. Rising short term interest rates, it is a truism to say, are bad news for stock prices.

But August is often an odd month. In this same week last year, the Dow broke 900 for

the first time despite a heavy run on the dollar, an increase in the Fed funds rate from 7 1/2 per cent to 8 1/2 per cent and a boost in the discount rate from 7 1/2 per cent to 7 3/4 per cent. The September retreat which gave way to the October rout, leaving the Dow at 780 on the last day of that month. The explanation then was a crisis of confidence in the Presidency, a gangrenous dollar, rising inflation and climbing short-term interest rates.

The external picture now is only marginally better, with historically high inflation and high short-term rates front-line negative factors. But Merrill Lynch's stock analysis, who use a variety of tools to measure investors' sentiment, believe that the current rally is a reflection of an unusually high level of pessimism which could be discerned only three or four weeks ago. Merrill believes that prices will go still higher before falling back later in the year. They attribute an important role in the current spree to owners of so-called 'put' options who invest on an expectation of falling prices. As prices have tended to climb in the past two weeks positions have been unwound and demand created for the underlying stocks. Further impetus has come from the performance-oriented institu-

tion, those who aim at least to match portfolio appreciation with that of the broad market. As prices have started to climb these institutions have stepped up their purchasing, reinforcing the basic trend.

Despite the volume of share issues, particularly in the office equipment and high technology areas, this money well NCR, Texas Instruments and National Semiconductor have done extremely well. With the Salt 2 treaty grabbing the headlines many investors have assumed that President Carter will have to spend more on defence to win Senate ratification. As a result General Dynamics, Boeing, Northrop and other defence stocks have been very popular. The run for cover by owners of put options has had an important impact on the cosmetics stocks with Avon Products, and Chesebrough-Pond showing important gains. Airlines, in particular, have been in favour led by Continental and Western, whose merger was voted by the Government in the forefront.

CLOSING PRICES table with columns for Day, Close, and Change. Includes Monday, Tuesday, Wednesday, and Thursday data.

LETRASSET INTERNATIONAL, a stockbroker observed during the week, "is the IBM of the type transfer and instant lettering systems market."

The group may have summarised its own characteristics best when, in 1974, searching for the right diversification path, it purchased a \$4.4m collection of U.S. stamps and covers from a Wall-Street banker, Mr. Marc Haas.

Stanley Gibbons, which forecast profits in excess of £2m against £1.56m pre-tax last year, stands to make a significant contribution to Letrasset's earnings.

While many of the stamp dealer's operational characteristics mirrored Letrasset's, 1974 vision of itself, the instant lettering and rare stamp markets are a world apart and Letrasset may be discovering the high cost of financing some of the valuable collections which a prominent dealer must inevitably be offered. Like Nisseo, major collections are sold slowly to maximise their worth.

Letrasset's net cash of £1.7m last year had been transformed into borrowings - before the rights issue and after the Haas purchase) of £15m. Net worth is £16m.

The stock market is woode-

ing whether the high cost of rare collections and their slow stock turn will be a periodic drain on the company's cash.

The City is also asking itself whether stamp dealers' profits are less reliable than instant lettering earnings and, finally, whether Letrasset bought at the top of the market.

The last point is almost impossible to answer. A recent survey by Salomon Brothers showed that the appreciation of rare stamps (and gold) since 1972 has exceeded all other forms of investment. The only pointer to the likely continuation of this performance is perhaps the rising rate of U.S. inflation which may make the search for a hedge that much more pronounced.

Gibbons is now expanding 'downstream' into the second line stamp market, unlocking an enormous market among amateur collectors which the dealer does not at present really tap, although it is a potential. That should reduce the financial strain of holding rare collections and the group points out that high quality stocks will only be replenished as the Marc Haas and Nisseo collections are sold.

Profits from Nisseo will almost certainly contain a high-windfall element and the resultant windfalls may be seen as less than the highest quality. But while Nisseo was massively underwritten and its true worth was only estimated when its contents were uncovered, Marc Haas was meticulously catalogued.

COMPANY PROFILE: LETRASSET RAY MAUGHAN

Letrasset's acquisitions have not always been appreciated to every quarter. Its share price, for instance, has dropped by a fifth since the Randall while the stock market has risen by the same proportion over the period. While Randall was seen essentially as a useful rights issue and after the Haas purchase) of £15m. Net worth is £16m.

MARKET HIGHLIGHTS OF THE WEEK

Table with columns: Ind. Ord. Index, Price Ytd, Change on Week, 1979 High, 1979 Low, and description. Lists various market indices and their performance.

U.K. INDICES

Table with columns: Average week to, Aug, Aug, Aug, and description. Lists various U.K. indices and their performance.

Living on the sunny side of the street

IF INSURANCE can be said to be a business for those with a pessimistic turn of mind in that they must constantly assess the chances of the worst happening, the mining game is surely one for the optimists who need to have perseverance and not a little luck.

Something like only one out of every 200 exploration prospects leads to a major mine turning up - sometimes I wonder why there has never been a company called Microweber Explorations - and even then the operation has often to live with the fluctuating fortunes of a single product.

The recently commissioned Australian study of mining investment came to the conclusion that it was no more profitable than the less risky industrial sphere. But when a mining venture really succeeds it does so in a spectacular manner and the hope of achieving this spurs on the mining optimists. Without them the industry would be in a parlous state indeed.

A good example of this is the platinum industry which has certainly had its ups and downs. Over the past two years, however, the mines have returned to prosperity in line with the metal price which has risen against a background of rising demand and a cessation of the important sales of Russian platinum which previously weighed heavily on the market. MACH 51

In recent years the expand-

ing demand for platinum has been largely in the Japanese market for jewellery and in the requirements of the U.S. automobile industry which uses the metal in its exhaust control devices.

Quite apart from the question of when, if ever, Russian metal will return in major quantities to the West, the platinum market also has to assess the possible effects of the oil price induced world economic recession that everybody is talking about.

MINING KENNETH MARSTON

Aud free market platinum prices have eased.

South Africa's Impala Platinum is taking an optimistic view. Reporting net profits for the year to June 30 of R89.7m (£37.5m) against R33.4m a year ago, the group has announced a further increase in capacity to meet the already notified maximum contract requirements of the automobile industry.

This will mean a rise in capital expenditure from the past year's R30.6m to around R45m-R55m in the current year and not less than R35m-R40m in each of the next two years. The group is thus pinning its faith on these maximum requirements being taken at satisfactory prices by the automobile industry.

Inevitably this burden of capital expenditure will slow the hoped-for rise in dividends over the next few years. Although Impala shares are now yielding a good 12 per cent, there has been no rush for them while even better returns are offered on South African golds.

A good deal of optimism is also being generated about the demand for uranium, notably in the mid-1980s when Western Mining's business manager, Mr. I. J. Duncan, anticipates an increasing world demand for Australia's uranium oxide. In the nearer term, however, the market for the nuclear material may not be all that strong.

For one thing it may have to absorb not only the potentially high production from Saskatchewan and Australia but also the 17m lb that Rio Algom was to sell to Tennessee Valley Authority over the years 1979 to 1990.

TVA is trying to void this contract - partly as a result of the Westinghouse Electric Corporation anti-trust litigation - and

Rio Algom has said this week that it is suing TVA for damages of C\$900m (£229m) for breach of contract.

Meanwhile, Canada's Denison Mines is reducing its dependence on uranium by making a U.S.\$525m (£236m) bid for America's Reserve Oil and Gas - a reversal of the current trend for oil companies to move into the uranium and coal mining scene.

Coal remains in high demand, however. This week Australia's huge Blair Athol coal venture, in which Conzinc Riotinto of Australia is the major shareholder, has landed a steaming coal contract worth about A\$2bn (£1bn) with Electric Power Development of Japan. The latter has also agreed to take a 19 per cent stake in Blair Athol.

Metallurgical, or coking, coal which is used in the steel making industry, is also finding buyers despite the slow-down in that business. South Korea's Pohang Iron and Steel is reported to be ready to go

ahead with the development of a U.S. coking coal mine in Pennsylvania at a cost of \$73.5m.

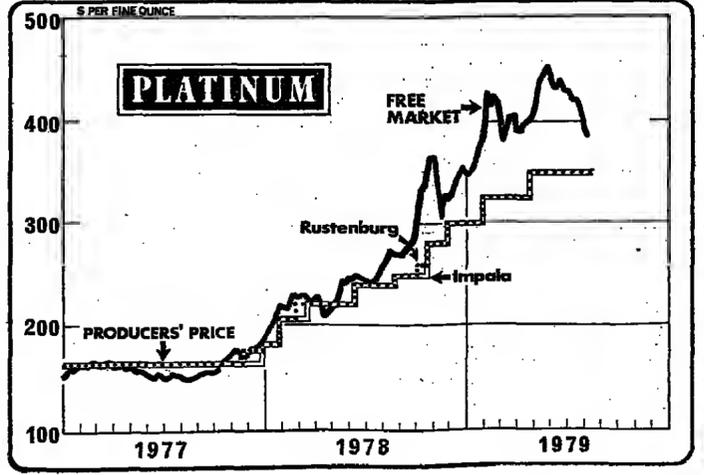
Last year Pohang entered into a joint venture in Australia with R. W. Miller Holdings for a coking coal development in the Hunter Valley of New South Wales. As an optimist, I am beginning to wonder in the light of this kind of news whether the anticipations of a world recession are being overstated.

However, if recession brings another fall in copper prices and creates new currency uncertainties, the chances are that gold will attract a fresh demand. The Rio Tinto-Zinc group's Bougainville Copper is something of a two-way hat. The huge mine in Papua New Guinea ranks not only as a major low-cost producer of copper but also as a leading producer of gold.

First half 1979 earnings have exceeded expectations at K37.7m (£23.9m) against K23.4m a year ago

UNIT TRUST AND INSURANCE OFFERS

Table listing insurance offers from Arbuthnot Securities Limited, Gartmore Fund Managers Limited, Vanbrugh Life Assurance Limited, M & G Group, and Schlesinger Trust Managers Limited.



GOLD How can you participate?

KRUGERRANDS now offer the UK investor the opportunity to trade in a truly International Market. This is possible with the recent abolition of the two-tier system in the 1979 Budget. Thus prices now closely reflect fluctuations in the Gold market. Krugerrands contain exactly one ounce of pure gold and command a very low premium (about 3%) over their gold content. Whether Buying or Selling M.L. Doxford (Bullion) Ltd., offer the UK investor a complete service. This includes highly competitive prices and a Limit Order Service, which enables investors to set predetermined prices at which to buy or sell. Dealing opportunities which often exist for only a few moments could otherwise be missed. We also deal in New Sovereigns, Silver and Platinum. For further details of our services, forward the coupon below or ring our dealers on (01) 839 7788.

Form for M.L. Doxford (Bullion) Ltd. with fields for Name, Address, and Telephone No.

Table for FFI TERM DEPOSITS showing interest rates for terms of 3, 4, 5, 6, 7, 8, 9, and 10 years.

مكتبة من الأشهر

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All Renault owners relax on seats that are particularly deep and plush.

Yet it's an engineering fact of life that you can only fit such seats if the car has suspension to match.

In fact in any other car these seats would be less comfortable.

Which is why all Renaults have long travel suspension, that travels further up and down, to soak up more of the bumps.

This means that not only do Renault owners arrive in better shape after a long journey, their cars do too.

And even when their cars need to be off the road their owners still feel comfortable.

Because after 77 years in Britain, longer in fact than most car companies, we've built up a large and proven national network.

And as you can see, you're never far from one of our 435 dealers or 60 additional service points.

Which are as well planned as our cars.

All our dealers carry a large stock of parts; anything else they can get within 48 hours from our computerised National Parts Centre in Reading.

They all use electronic diagnostic equipment which reliably and quickly checks over 70 points on a car.

And every technician is specially trained by Renault, before he can work on a Renault.

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Drive into the 80's.

Our dealers are built for short ones.

30 Days
1000 Miles

YOUR SAVINGS AND INVESTMENTS

Shares in ICI are yielding significantly more than the market average.

Richard Lambert wonders why

For whom the bellwether tolls?

LET'S GET one point clear from the start. I've no idea whether over the next six or 12 months ICI's share price is going to go up, down, or round in tiny circles.

Profit figures for the second quarter of 1979, to be announced next Thursday, could look quite good—especially in contrast to a wretched period at the start of the year. But from here on, the outlook for several quarters is bleak at best. An overvalued currency, rocketing input costs, sluggish demand around the world—ICI has to cope with all the familiar problems of British manufacturing industry.

No, the purpose of this article is simply to ponder over the fact that ICI's shares currently yield around 8 per cent, which is more than at almost any period since the war. The one big exception came in the final months of 1974—and at that time, you may recall, it really seemed possible that the financial system was heading for a collapse.

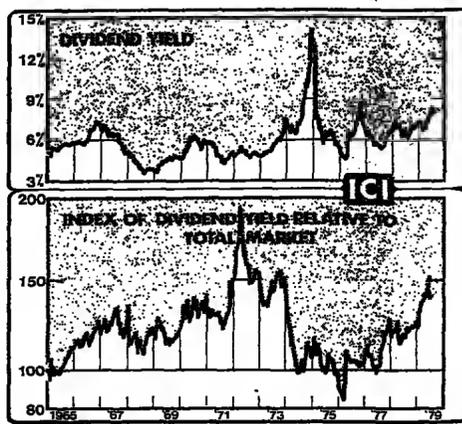
After all, the group has not cut its dividend since 1938. Its annual payout has increased in eight out of the last ten years, a massive record of which the company is proud. Its financial position will undoubtedly get tighter in the next couple of years, but at least it starts off with a sound balance sheet. And the latest dividend was comfortably covered by inflation adjusted earnings.

Of course ICI could slash its dividend in a real recessionary crunch—as it did in the 1930s. But you can bet that a lot of other companies would have been driven to the bankruptcy court before circumstances forced ICI to make such a cut.

There are teams of lynx-eyed sleuths in the City who do nothing else but plot the returns which ICI is likely to offer compared with those on other investments.

But it is just conceivable that reports of the death of British industry are beginning to be exaggerated in the City and that ICI, the bellwether stock, is suffering accordingly.

A recent study by brokers Phillips and Drew suggested that companies on average were yielding 6.7 per cent on the basis of their likely dividends for 1979, and 7.4 per cent on 1980's possible payments. What makes that interesting is the fact that



only in 1931, the great depression year, and in 1974 have yields averaged more than 7.4 per cent.

Of course there is a big difference between historic and prospective dividend payments—especially when the forecasts relate to as uncertain a period as 1980. The cheapest share

can always get cheaper, and as things stand it is quite likely that things will get worse before they get better. But for the long-term investor, who does not think that the world is about to change out of all recognition, some sound values may be starting to appear in today's stock market.

A backlash from the taxman could follow the recent flood of income bonds. Eric Short looks at the latest product

Albany takes a leaf from Liberty

WHERE WILL it stop? The Guaranteed Income Bond market is currently taking on the atmosphere of a cattle market, with each new offer topping the previous one in terms of yield offered. The latest comes from Albany Life, a subsidiary of the U.S. insurance giant American General Group, which is offering 12 per cent net of basic rate tax for four years, with income payable half-yearly. This compares with the 11.3 per cent payable yearly over three years recently announced by Liberty Life.

The reason for this intense competition is not difficult to find. New figures issued this week by the life company associations show that guaranteed income bond business is rapidly growing in popularity. Although still well below 1973 turnover levels, the pattern seen in that boom is nevertheless being repeated.

stretching the rules to the limit in order to squeeze the maximum return out of bonds. As a result the 1974 Budget clamped down on this type of business.

Eventually, however, the back room boys of the owner life companies discovered how to redesign their products and a few weeks ago we described in detail how Liberty Life's bond works.

To essence the money invested is split between a series of pure endowment policies to provide the income and a qualifying endowment policy to return the capital. The actuary has considerable choice in how the money is split, but the more that can be invested in the endowment, the greater the boost to the yield from the tax relief available.

senial in actuarial terms comparing the premium paid with the benefits received. The calculations, however, are made on the overall plan.

The disadvantage of Albany's approach is that the amount of investment is restricted if one wants the maximum return. Tax relief is only available on life policies up to one-sixth of income or £1,500, whichever is the greater. For an investor earning less than £9,000 a year, the maximum investment is £4,000. Albany in its promotion does make this very clear and is only interested in the basic rate taxpayer.

If history is to repeat itself, the Inland Revenue will have to take action sooner or later to stop the use of this tax relief for what is essentially a short-term investment. The Life Offices Association is alert to the danger and its chairman, Leonard Hall, the managing

director of Clerical, Medical and General has expressed his concern about the use of life assurance policies which take excessive advantage of this tax relief.

The LOA however, has no regulatory authority to stop these contracts being issued and can only persuade companies not to market them. Its influence over Albany, which is not a member of the LOA, is likely to be minimal. But unless the LOA acts more positively, it must not be surprised if the Revenue clamps down.

An offering for the optimists

INVESTORS SEEKING a cheap way into unit trusts should take their chance now. Recent monthly sales figures may well make grim reading for moguls of the unit trust movement, but, hidden amid these gloomy statistics, lies an opportunity for those who feel equities are set to rise.

What's happening is this. The low level of demand for units so far in 1979—in March there was actually a net outflow of money from unit trusts generally while the volume of net sales in May, June and July was unusually small—has forced the managers of many funds effectively to lower their prices.

In some cases, the difference is as much as 6 or 7 per cent, a highly worthwhile "discount". Assuming, of course, your view of the likely trend of securities in the fund's portfolio is positive.

Unit trust prices, as unit holders well know, fluctuate from day to day depending on the latest valuation of these underlying shares. What is not so well appreciated, however, are other less perceptible price changes which take place from time to time. These are largely unrelated to equity market movements and are a function of the supply of and demand for units.

Unit trust managers are required by law every day to work out two different prices, the bid and the offer price, for their units. These correspond respectively to the amount which they will pay investors who wish to redeem or sell their units and to how much they will charge members of the public willing to buy. The spread between the two prices, currently about seven per cent in an average fund, naturally leaves room for the management group's "cut". It also reflects two different

methods of calculating the total value of a trust portfolio.

Under a formula laid down by the Department of Trade, the unit trust watchdog, the theoretical maximum offer price is arrived at after valuing all shares in the fund on the basis of a jobber's (higher) offer price. Dealing and other costs (like Stamp Duty) are added to the total, which is then divided by the number of units in issue. The initial management charge (currently a maximum of 5 per cent) and a rounding off sum push the price still higher.

A unit trust's bid price, on the other hand, is reached by valuing the fund at the jobber's

UNIT TRUSTS

TIM DICKSON

lower bid prices. Charges this time are deducted and the total is again divided by the total number of units.

Under this formula the difference between bid and offer can be as much as 13 per cent. The smaller spread, which most trusts advertise, is possible because managers dealing in units are usually able to match sales with redemptions, and thus avoid incurring most of the charges.

Against this background individual fund managers react to the variations in demand for their units by moving their prices (usually keeping them at a constant spread) within the spectrum. The point is that many funds are now experiencing net redemptions of units—hence prices have been moved nearer the lower bid valuation and investors have been able to get in cheaply. If equities improve, the public's appetite for unit trusts is once again whetted, and managers are likely to value their funds on an offer basis, investors buying now will effectively pick up an "extra" gain.

In practice the problem is finding out which funds are valued on a bid basis. Unit trust groups will not publish such information but M and G and Save and Prosper, two of the largest unit trust outfits,

said last week that they would share their "secret" with any potential unitholder who asks.

Save and Prosper says that more than half its funds are valued on a bid basis. M and G is more cagey but two half yearly reports—which arrived last week for the group's European and General and Second General Trust funds—give a clue to the trend.

Managers of both admit that sellers of units have recently outnumbered buyers. "Consequently," they observe, "the units are at present offered well below the full issue price," concluding with a fine marketing flourish, "this gives a good opportunity to add to holdings on favourable terms."

UNIT TRUSTS

TIM DICKSON

Investors preparing to snap up this chance should not of course, base their decision solely on these factors. They should first be satisfied that the fund of their choice is going to perform well. They should also be careful to ask which funds are likely to be only temporarily valued on a bid basis and which values will be permanently there because interest in them has long ago waned.

Low coupons lose appeal

GILTS

ERIC SHORT

NEXT MONTH investors with a staggering £750m will be seeking a home for their cash in the above market. This is the amount believed to be held by private investors in Treasury 3 per cent 1979 and Electric 4 1/2 per cent 1974/79, two stocks extremely popular with high rate taxpayers looking for tax free capital gains. The capital gains have been assured by the low coupons, which meant prices have stood at a substantial discount to redemption values. Furthermore, no capital gains tax is paid on gilts held for at least a year.

One company making a play at the moment for some of this money is Vanbrugh Life, which is actively pushing its fixed interest fund. Behind this is the belief that investors should now

SAYE: stick by the Second Issue

IT'S DECISION time this month for holders of Save Albany Second Issue. Some 24,000 contracts have either just reached maturity or fast approaching the first maturity date and the question holders should now be asking is: do we bag on for the extra bonus?

The Second Issue has largely been overshadowed by the highly attractive index-linked returns available on its successor, the Third Issue.

Nevertheless, outstanding Second Issue contracts are worth a tidy £17m to their holders on redemption. Under the SAYE rules savers pay regular monthly contributions (up to a maximum of £20) into a building society account and at the end of five years receive a lump sum bonus. At this point, which is the stage most people are now reaching, the investor has two choices—either take the money out or leave it there to attract another bonus at the end of a further two years.

The sums, based on the maximum monthly payment of £20, work out like this. At the end of five years a tax free bonus of £280 is added to the total of £1,200, giving an effective compound tax free rate of interest of 8.3 per cent annum. At the end of seven years the saver receives an extra £280, providing a net return of 8.6 per cent compound over the whole seven year period, or 9.03 per cent

compound for the final two years. Can a tax free return of just over nine per cent be bettered elsewhere? The answer for all taxpayers, who should probably not have bought the contract in the first place, is undoubtedly yes. For basic rate and particularly for high rate taxpayers, the best advice now is probably to stay put.

Over two years a building society term share admittedly pays 9.25 per cent. This return however is not guaranteed and with interest rates expected to move lower this winter the SAYE contract seems much safer. Meanwhile prices in the gilt edged market, another possible home, have been moving higher in anticipation of lower interest rates, leaving yields that bit less attractive.

A comparable gilt like Exchequer 9 1/2 per cent, which is to be redeemed in August, 1981, was on Thursday yielding 9.03 per cent to redemption for a basic rate taxpayer. Exchequer 8 1/2 per cent, due to be redeemed a little sooner in June 1981, was yielding slightly more at 9.13 per cent to redemption for the man on basic rate tax. Dealing costs, however, would almost certainly outweigh any marginal advantage though operators may well be able to boost their returns by selling the gilt just before redemption while still cum interest.

Low coupons lose appeal

GILTS

ERIC SHORT

7.3 per cent. The Vanbrugh fund at present yields over 12 per cent gross and on cash-in in 1984 this investor could expect, under current tax levels and on a conservative estimation a net return of around 8 1/2 per cent. In this case the investor pays only the difference between his tax rate and basic rate tax.

By going for a gilt bond, rather than investing directly in a gilt stock, the investor also does not have the problem of reinvesting the interest payments. In this case he has the benefit of professional gilt management by the Prudential, Vanbrugh's parent. Investment managers in traditional life companies, it is worth remembering, are weaned on gilt-edged portfolio management.

Wrongful dismissal

I have been dismissed from my teaching post at a public school. The contract was terminated after five months, but I was invited to complete the academic year to September, and have done so, thus having taught a full three terms.

Written allegations were made of incompetence, due entirely to student dislike of my teaching methods. Were these allegations confirmed by examination results, I would have no cause for complaint, but the reverse is true. My students have done better in my subject than in others, and I have reason to expect that the GCSE results will be good.

Should this be the case, have I any grounds for legal action for wrongful dismissal? You may be able to argue that the effective date of termination of your employment was more than 28 weeks after its commencement and so qualify for a claim. Your claim must be made within three months of the effective date of termination. Whether you would be likely to succeed in such a

FINANCE AND THE FAMILY

apply, etc. . . I have been to my local library and consulted all the legal books but nowhere have I been able to find a recital of the National Conditions referred to above. Will you please advise me the publishers of a book containing those conditions?

The National Conditions of sale are a printed form produced by Overseas Publishing Ltd. (the Society). You can purchase a copy from them or from any law stationers. The current edition is the 19th Edition, and it would be most unwise to accept a contract based on a superseded edition. You could, of course, require the person tendering the contract to produce a copy of the general conditions.

Conditions of sale

I might have to sign a contract for the purchase and sale of a private house which will include the clause "The National Conditions of Sale (17th Ed) Except Clause 13 thereof shall

Non-residents tax

Can you please tell me if my son who is domiciled and resident in Rhodesia is liable for taxation from his UK investments. Various goldmining shares held by a bank here, suffer both South African and UK tax. Is this correct?

You do not say whether it is your son's UK bank which has been deducting UK tax from his SA dividends or the respective companies' UK paying agents (nor do you say whether the

Plaintiff's list of documents

I am the defendant in a County Court action. The plaintiff's list of documents includes a document listed as "copy defendant's invoice" for an amount that forms the subject of the action. My own copy invoice is lost, so I requested sight of the document. I discovered that it bore no resemblance whatever to any invoice issued by me.

The plaintiff's solicitor asserted at first that he "understood" the document to be a copy of an invoice issued by me. He then wrote that the plaintiff had never received an invoice from me, and had prepared the document for his own records.

I asked the plaintiff's solicitor to amend his list of documents, and notified the Registrar. The plaintiff's solicitor replied claiming that the document was evidence. I refused to amend his list, and objected to my informing the Registrar (to whom I sent copies of all the relevant correspondence) on the grounds that I offended against "procedure."

Was he correct? Was I wrong to draw the Registrar's attention to an incorrect entry in a document filed with the Court? I have been conducting my own defence to date, but understand that I may engage a barrister to represent me

when the action is heard before the Registrar. Am I right? Am I also right in believing that I can charge the time I have devoted to this matter to my costs at the rate I charge to my clients as a self-employed man?

Are there any other steps I may take to frustrate the use of fabricated evidence?

The lists of documents are merely schedules stating what papers are in the respective parties' possession. The description used in them is by no means conclusive, and there is thus no need to amend the plaintiff's list. At the trial you can make any point as to the want of propriety of the document in question, but you should not allow it to be found in any "bagged bundle" of documents, if one is proffered for you to agree. It was technically unnecessary for you to write to the Registrar about this, but there was nothing improper in your doing so. You can, through solicitors, retain a barrister for the trial. If you are awarded costs you are entitled to make a charge for your own time while acting in person. If the plaintiff's solicitor first asserts that he understood the document in dispute to be a copy of an invoice is contained in a letter you can use that letter in cross examination of the plaintiff.

Move to Guernsey

Since November 1977 following the death of my father, a Guernsey resident who left me his property including a house there, I have stayed in the house from time to time. I now propose to sell my house in England and to take up permanent residence in Guernsey, living on my savings invested in Unit Trusts and Building Societies. Shall I be liable to capital gains tax? What will be my tax position generally?

You should write to your UK tax inspector giving notice under section 101(5)(a) of the Capital Gains Tax Act 1979 that your UK house is to be regarded as your main residence from the day on which it ceased to be your only residence. This should ensure that you escape CGT upon its sale, and nothing else you mention seems to pose any CGT problems.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

shares are in your son's own name or in the name of, for example, his UK bank's nominee company).

As a first step, your son should write to the Inland Revenue, Foreign Dividends Office, Legation House, Thames Ditton, Surrey, Great Britain KT7 0DP, asking for a repayment claim form AD. In addition to his full name and residential address, the Foreign Dividends Office will need details of any periods which your son may have spent in the UK in recent years, and a note of the reference number (if possible) of any UK tax office to which he may have submitted tax returns etc. in past years.

If the UK tax has been deducted by the companies paying agents (and the shares are registered in your son's own name), he should also ask the Foreign Dividends Office for an examination claim form AD, so that future dividends can be paid without deduction of UK tax—provided he does not expect to return to the UK within the next three years or so.

On the other hand, if (a) the UK tax has been deducted by your son's only bank and (b) the shares are registered in the name of the bank's nominee company or (c) the shares are in bearer form, he will not need a form AD but instead he should ask his UK bank to arrange for future overseas dividends to be collected, without deduction of UK tax.

The building society is prob-

ably not the best place for your savings if you are already liable to pay Guernsey tax (as well as UK tax) on your worldwide income. Whilst you are resident in both Guernsey and the UK, the Guernsey tax on the whole of your income can be (in effect) deducted from your UK tax bill. After you cease to be resident in the UK, the Guernsey tax attributable to your UK unit trust distributions can be relieved against the UK tax credit, but the interaction of the double taxation relief rules of the two countries is complex (as you have presumably read).

You will also need general guidance in a free Inland Revenue booklet IR20 (Residents and non-residents: liability to UK tax), which should be obtainable from your tax inspector. In addition you could ask him or her for a copy of booklet IR1 (Extrastatutory concessions).

In these days when servants are a rarity the average householder has to take care over his cover for accidents to people in his house.

Questions of owners, servants and kin

ALTHOUGH FOR most families the day of the long-serving and living-in domestic servant is many years past, many still have a deal of help in the home, be it from part-time dairies, jobbing gardeners, au pair girls or whoever, while many older citizens have housekeeper-companions. The precise legal relationship between household and help varies, although there are two main legal "servant" categories, employees and independent contractors. The precise status is important when considering the duties of both parties under the state insurance scheme, but is of minimum importance when one turns to the private sector arrangements that the household can make.

At one time, household insurance policies contained special clauses dealing with compensation for injury to "servants", but unless I am much mistaken these clauses have long been phased out. Modern household policies include fairly wide liability cover in respect of bodily injury to all manner of persons and damage to property of all kinds. However, there is a positive difference between the cover provided by a buildings policy and a contents policy, or where a contents policy is issued, between the buildings and contents sections.

The buildings cover provides liability insurance for the policyholder as "owner" (sometimes as "property owner") while the contents cover protects the policyholder as a "occupier". Particularly because of this difference and because the limitations and exclusions in insurers apply it is normally the contents section or policy that provides protection against claims made by "servants", irrespective of their precise legal status.

In fact, modern contents cover protects not only the policyholder but also members of his family against liability claims. Here definitions vary, but the usual minimum of family relations is the policyholder, wife, parents and children, although most insurers accept other relations within the definition if requested.

INSURANCE

JOHN PHILIP

So, if the daily help is injured while using a domestic appliance, or if the jobbing gardener is hurt by the policyholder's son when the boy is using his air rifle to shoot at squirrels, and either makes a legal claim for compensation, the contents insurers should normally deal with that claim. But dealing with the claim does not automatically preclude payment of compensation, for whether or not insurers actually pay does of course depend upon the precise circumstances and the appropriate legal rules of liability and compensation.

More accidents happen in the home than occur on the road or in factories and offices, and unfortunately most domestic injuries are less serious than those caused in traffic or factory accidents. On the other hand, many domestic accidents are more "accidents" in the true sense of the word, events where it is difficult to fix some other person with responsibility, or to ground a claim for compensation.

To plug this gap, the family with regular part-time help in and around the home, or the widow with a full-time housekeeper/companion, can buy disability insurance to ensure compensation irrespective of fault. In most domestic circumstances an annually renewable policy, rather than a non-cancellable permanent health insurance is preferable.

Additionally, cover against temporary partial disablement can be obtained for injury, but not for illness, usually at 50 per cent of the level of total disablement benefit. Benefits are calculated on a weekly basis, but normally insurers reckon to make payment less frequently, say monthly or even quarterly, and in respect of short periods of disability, only when recovery is complete.

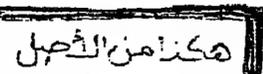
To this basic disablement cover can be added capital sums for death, permanent injury such as loss of sight or limbs, even medical expenses, as the parties wish, and most comprehensive insurers have detailed prospectuses available for the inquirer.

Accidental injury cover can be arranged on a full 24-hour basis, which is fine for servants who help in, or for employment as a gardener, but with a consequential reduction in premium. But common sense dictates that illness, disablement cover must be on a full 24-hour basis, so anyone buying a combination of injury and illness insurance cannot expect to get reduced injury cover.

Anyone with a full-time domestic help, say a companion housekeeper, is in a very similar position to the commercial employer, with key personnel. If the housekeeper is ill or injured, not only is protection needed to ensure continuation of wages, but the domestic employer needs protection to enable the employer to cover the cost of wages and the purchase of temporary assistance.

The cost of injury disablement cover is small, between £7.50 and £10 a year premium will buy £50 a week total disablement benefit payable for two years. Full injury and illness cover is much more expensive and the most will be around six times as much for similar benefits.

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TRAVEL

The motorists' gateway to Denmark

By PAUL MARTIN

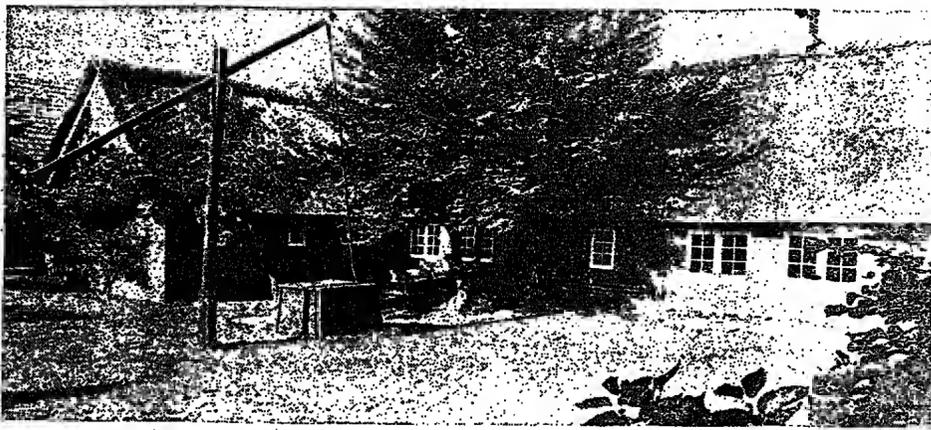
THE long established sea route from England to Denmark for the traveller across from Harwich to Esbjerg, a relatively new city and Jutland's major sea port, where, just before docking, you pass by the somewhat elongated shape of Fano Island. I had often sailed past it but it was only last month that I spent two delightful days there in real summer weather. The sun shone down from a cloudless sky with a pleasant sea breeze.

I always find this particular 18-hour sea crossing in the splendid and well-appointed ships, both over 12,000 tons and operated by DFDS, very enjoyable. The Danish cold table at £4 is excellent value and sterling certainly goes a bit further in a high-cost economy.

Esbjerg is bacon territory with vast containers of our staple breakfast diet piled up on the quayside not far from the colourful fishing harbour. It is also extremely clean and good shopping centre but while the Maritime Museum is well worth visiting, Esbjerg's main function is as the motorist's gateway to Denmark and, in particular, to the old town of Ribe, under 20 miles away, and to Fano.

The 20-minute, car-ferry journey—it operates half-hourly in summer and hourly in the winter—takes you across to Norby, Fano's main centre, where the very active local Tourist Office handles accommodation and will book a summer house for you.

Fano, once an important seafaring centre, values its links with the past. A great deal of that is in evidence on the mainly, single-storey houses and the year-round residents are proud of their island traditions. You can drive along the exten-



Fano Museum

sive 5-mile beach on the west coast and protected by a series of sand bars, bathing is completely safe. There are also a large nature reserve, an 18-hole golf course and some fine camp sites.

Self-catering holidays are well provided for at the Feriehotel Vesterhavet where the well-designed apartments face out towards that splendid beach. DFDS do package arrangements here and, as prices vary according to the number travelling together, that quote covers the average family unit of 2 with regular Friday departures from Harwich or Newcastle until September 28.

An inclusive price of £78 per adult—there is a £27 reduction for children under 12—covers return car transport, overnight accommodation in a 4-berth cabin with shower and toilet, a week's apartment rental and the return Esbjerg-Fano ferry crossing. Guests have free use of both the indoor and outdoor swimming-pools, the sauna and a children's playroom. The central block has an excellent restaurant serving fish specialities.

The little village of Sonderho, on the island's south-eastern tip, faces out to another huge area of sand flats on which countless sea birds settle towards sunset, a spectacular sight in the always relaxed atmosphere.

The Sonderho Kro, established over 250 years ago as the village inn, is a real discovery. Past and present have been subtly blended with the construction in traditional style of an annexe with seven double bedrooms, all with private facilities, and a delightful residents' lounge away from the busy restaurant. One of the few Scandinavian Relais et Châteaux members and open year-round, room prices seem to me very reasonable at £21 for a double and £14 for a single occupancy.

The main part of the inn, virtually unchanged over the centuries, has reminders of the village's seafaring past in some attractive Dutch tiles, brought

back by the mariners of yesterday, in the simple, traditionally furnished restaurant. I was to find some similar tiles at the Weis Stube Inn in Denmark's oldest town of Ribe, and, even if you find it difficult to tear yourself away from the beach, do at least spend part of a day there. The centre of Ribe, once the major port serving Jutland and connected to the open sea by three river outlets, is compact and quite enchanting. It also provides a lesson to us all in what conservation really means and, at a time when the growth of tourism appears to conflict with preservation, is a striking example of how the two can be combined.

مكتبة الأصيل



Ribe

At the beginning of this century a local newspaper owner proposed the establishment of a Tourist Office, the main objective of which should be the conservation of the city centre after a long period when its commercial and economic importance had been in decline. It is reassuring to stroll through the streets and along the quays and see with your own eyes just what can be and has

been achieved in a totally practical way. Some splendid half-timbered buildings have been lovingly restored and, in addition to the great cathedral with its copper roof, there is an oasis of tranquillity in the lovely cloister, once part of the monastery beside which stands the simple and austere St. Katherine's church. The past is with you on every step you take in this disarmingly simple and

lovely place with the attractive Hotel Dagmar in the centre. Fano's life is at the water's edge and both the island and the historic old town of Ribe are places to sample and savour to the full. ADDRESSES: Danish Tourist Board, Sceptre House, 169/173 Regent Street, London W1B 5BY. DFDS (UK), Marine House, Pepys Street, London EC3M 4BX. Fano Tourist Office, Nordby, 6720 Fano, Denmark. Ribe Tourist Office, Overdammen, 6760 Ribe, Denmark. Sonderho Kro, 6720 Fano, Denmark.

Down on the farm

FROM THE courtyard of Newton Farm, West Pennard, Somerset, there is a view clear across to Glastonbury Tor. Fat cows industriously browse on lush pastures up hill and down dale throughout the surrounding countryside. This bucolic idyll, this West Country Arcadia, is devoted to cheese. Madly lactating the cows pour 40,000 gallons of milk every day, into the Newton Farm dairy and, in due course, 12,000 50-lb cylindrical cheeses every year are ferried out to market. Each one has been hand made on the premises, and carries the proud

label: Farmhouse English Cheddar Cheese. It is the real thing. Here, for all cottage industries, is the recipe. First pasteurise 25,000 gallons of fresh milk and convert the lactose to lactic acid by the addition of a chilled bacterial culture. Heat the milk to blood temperature and add rennet when correct acidity is reached. Cut the resulting junket to separate curds from whey and run off the whey. Drain and dry the curd by cutting and heaping it like piles of white, rubbery door mats. Turn the curds, occasionally and then

mince them finely. Add salt, and press in 50 lb moulds. After two days, bandage the cheese and store in a chilled room for eight weeks. Turn the cheeses every day and mature for nine months.

It is, believe me, damp and backbreaking work. One of the most dismal experiences of my adolescence was being forced by my father to make cheese for eight weeks during a long summer holiday by precisely the method aforementioned.

Farmhouse Cheddar is graded by the Milk Marketing Board as "superior" or "fine"—anything labelled "mature" cheddar may not necessarily be hand-made Farmhouse Cheddar, although it is likely to have been stored the full eight- or nine-month term. There is a demand for Farmhouse Cheddar—it accounts for 10 to 12 per cent of all cheddar sales in the UK and cheddar generally accounts for about 90 per cent of all cheese sold in these islands.

Farmhouse Cheddar, as you might expect, is a little more expensive than factory-made cheddar cheese, but supermarkets such as Tesco and Sainsbury's seem willing to pay the price, and the demand is increasing. Even Bird's Eye, for its frozen foods, is insistent that only the best Farmhouse Cheddar be used in its range—though what it does with the ingredients is a different matter, according to taste.

There is a demand, too, from large buyers for rectangular cheeses—a regular, square-ish shape is easier to cut into pieces for pre-wrapping for public sales. It does not look cosily traditional, of course, and it tends to be a fraction more moist than the cylindrical cheeses, but the difference is negligible. Indeed, after ample opportunity throughout the day to taste both varieties of Farmhouse Cheddar, I and several other soi-disant acers were invited to take a blind test and, to a man (and woman), we opted for the rectangular cheese as superior in texture and taste to the cylindrical, all of us firmly of the opinion that we had chosen the good old traditional cheese.

The production of Farmhouse Cheddar is restricted by the Milk Marketing Board to an annual milk quota beyond which each farm dairy cannot produce cheese—although the quota is probably due to be increased within the near future. The cheese-making industry by small individual concerns is almost self-contained, profits often being devoted to maintaining and increasing the herds of cows which supply the dairies.

Control of the pasture and the cow appears to be important and the exact flavour of the cheese will depend on the expertise of the farmer and cheeseman working together. Ideally, the texture of Farmhouse Cheddar should be firm and buttery (though not oily) with a colour slightly darker than milk cream.

Farms generally welcome visitors and tourists. They might even sell you a pound of their cheese. The following will show you around, but please first to check on convenient dates and times: Mrs. Helen Bennett, Overton Hill, Malpas, Cheshire. Tel: Malpas 267. Wen, Wild and Son, Mollington Grange, Cheshire. Tel: Great Mollington 226. Mr. and Mrs. Hutchinson-Smith, Hinton Bank Farm, Whitchurch, Shropshire. Tel: Whitchurch (Selop) 2631. Chevon Farm, Chawton Mandip, Bath, Somerset. Tel: Chawton Mandip 565. H. G. Green and Sons, Newton Farm, West Pennard, Somerset. Tel: Glastonbury 3262. Mr. G. L. Churchove, Manor Farm, Castle Cary, Somerset. Tel: Castle Cary 285 and 675.

IAIN FINLAYSON

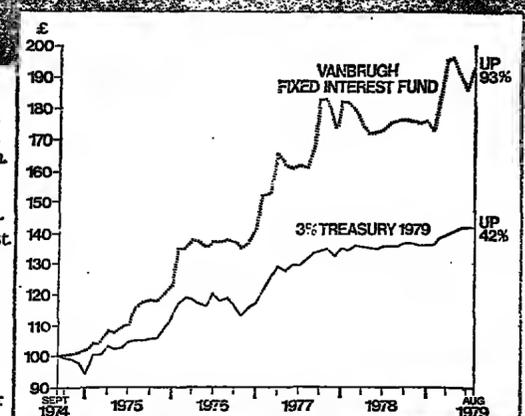
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In addition, it is now acknowledged that one of the least effective ways to profit from the gilt market is to buy a stock and hold it to redemption. The reason is that in recent years gilts have become astonishingly volatile, in response to the erratic behaviour of interest rates and the value of the £ overseas, not to mention the rate of inflation. To take full advantage of the gilt market it is now vital to switch actively between different stocks. The value of active management is illustrated by this graph:



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FIELDSTONE GALLERIES, 588 3600. FINE ART SOCIETY, 148, New Bond St., W1. 01-628 6476. Exhibition of the work of the late Sir John Agnew. Mon-Fri. 10.30-5.30. Thurs. 10.30-5.30. Sat. 10.30-5.30.

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MARLBOROUGH, 8, Marlborough St., W1. 01-628 6476. Exhibition of the work of the late Sir John Agnew. Mon-Fri. 10.30-5.30. Thurs. 10.30-5.30. Sat. 10.30-5.30.

ASH BARN until September 16. Summer Exhibition of the work of the late Sir John Agnew. 10-5. Tues. Bank Holiday, Sunday 2-5. Mar. 10-5. Tel: 0730 3462.

SMELLS GALLERIES, 40, Albemarle St., W1. 01-628 6476. Exhibition of the work of the late Sir John Agnew. Mon-Fri. 10.30-5.30. Thurs. 10.30-5.30. Sat. 10.30-5.30.

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CAR MARKS OF HULL table with columns for ID, CDE, CLU, FHO, HLD, MOU, NIN, VSD, WUK, YCC and various car models and prices.

CHEVROLET CAPRICES advertisement listing features like 9 seater, whitewall tires, power seat, cruise control, etc.

MILCARS OF HULL advertisement for BMW cars, listing models like 1979 7331, 1977 633 AUTOMATIC, etc.

LONDON SPORTS CAR CENTRE advertisement for a 1977 BRISTOL 412 convertible.

LOTUS ESPRIT S2 advertisement for a gold metallic leather upholstery car.

RANGE ROVER advertisement for a beige vinyl roof overdrive power steering car.

CONTRACT HIRE and LEASING advertisement for various vehicles like Jaguar, Range Rover, etc.

1. MERCEDES-BENZ advertisement for a 1977 (V1) 300E white bamboo interior car.

11 BMW advertisement for a 1977 (T) 55 automatic power steering car.

HARLEY STREET CARRIAGE COMPANY LTD advertisement for a 1977 (T) 55 automatic car.

HOME TUNE advertisement for a 1977 (V1) 300E Mercedes-Benz car.

PROPERTY



Ivyleave Farm, Acton Turville, in 9 1/2 acres in the heart of Beaufort country, is a hunting and Rutley are asking in excess of £100,000.

Horses and houses

BY JUNE FIELD And here I say to parents, especially wealthy parents, 'Don't give your son money. As far as you can afford it, give him horses.'

Chaseover include Batchelors Farm, in 2 acres in Barns Green, Horsham (2/3 bedroom house with a stable block of five loose boxes, outdoor sand-paddock and paddock, £85,000).

Whether it's a small country house with a paddock for a Shetland pony, or a few loose horses with a tack room, a full-scale stable or a stud, the equestrian property market is on the move.

The price of paddock land has risen, whether attached to a property or entirely separate, and is now bringing an average of £3,000 an acre, says Mark Monkhouse at King and Chaseover's Pulborough office.

Small equestrian properties on offer through King and Chaseover include:

on a stud in addition to the horses to eat the grass down to the right level, and paddock management is a very important part of stud life. The other type of stud is a public stud, the public being derived from the fact that stallions stand at the stud. These stallions will usually be owned by syndicates of up to about 40 shares, and people with mares will send them to the public stud to be covered by a stallion up to three times or until they are tested in foal.

The stud market is particularly specialised, and it is unusual to find more than one or two proper studs on the market at any one time.

ESTATE AGENTS' descriptions continue to mystify. A property "occupies" or enjoys a position, rather than is in one, a house "comprises" 4 bedrooms, never has. Even in an average dwelling in a living-room is always a reception room (who are we receiving?), or equally dated, a lounge or drawing-room. Is a basement a cellar, or vice versa?

reader asks? No, it could be lower ground floor, i.e. with windows, and when the back slopes to ground level, it could be "a garden-flat". The one I really like is "full domestic offices" - which does not mean a place for your secretary to cook!

مكازم الأصيل



The Hon. Jamie Douglas Home, son of William Douglas-Home the playwright, and nephew of former Prime Minister Sir Alec Douglas-Home, is to start training racehorses next season. He is buying Ron Vihari's yard, Frampton at East Hendred through John German Ralph Pav, and selling his present home (shown here), Mount Pleasant Cottage, Eastbury, near Newbury, Berkshire, at auction in September on a price guide of around £55,000.

It is considered bad practice to mix any private studs where one's own mares live all the year round, with a public stud and where both functions are found, they are usually divided. Currently the stud property market is going through an interesting period.

Hill, London W11 is the Aston Park Stud, Acton Rowan, Oxfordshire, a three-stallion public stud (currently Dominion, Sorlamer and Swing Easy), with adjoining private stud Aston Park Stud is about a mile off the M49 between London and Oxford, with good access to London Airport, a plus point for foreign patrons of the racing world.

36 North Audley Street, London W1. It became a public stud in 1971, with the arrival of Champion Stakes winner Larnach, who stood successfully at Aston Upton for four seasons. Probably the finest stud on the market is the three-stallion public stud The Sussex Stud, originally The National Stud before it was bought at Newmarket in 1972.

Name games

Barrie Warrenner, director of Richard Berry and Partners, sent me an amusing list of "estate agent's jargon which I try to persuade myself not to use."

(impossible to find); Phrases such as "select development" he identifies as 36 identical houses with slightly different facades, while "ideal for development" means present owner is unable to obtain planning permission.

funds to the Building Societies is reflected in the lack of desire of applicants to commit themselves to hefty mortgages. As always we are unrepentant in the most popular price range in the market, which at the moment seems to be between £30,000 for a three-room kitchen and bathroom flat, up to £70,000 for a six-room flat in Battersea Park or a five-room flat in SW1.

Cluttons KENT Kingsdown Farm advertisement for a first class arable and stock farm with a spacious farmhouse, 3-bedroom bungalow, modern and traditional buildings, productive farmland in all about 539 acres.

M&M Means Marbella advertisement for Spanish homes in Marbella, Costa del Sol, featuring a 4-bedroom villa with 1,750 sq meters of land.

PROPERTIES FROM £10,000 advertisement for a beautiful newly built 4-bedroom villa with 3 bathrooms.

BARBADOS Rocky Country Club advertisement for a superb development on the South Coast of Barbados, set on 67 acres of park land.

Jackson-Stops & Staff advertisement for a substantial modern house in Surrey - Cheam, a convenient position on a private estate.

FOX & SONS SALCOMBE advertisement for a attractive cottage and 3 flats in South Devon resort.

BIDWELLS advertisement for a superb development on the South Coast of Barbados, set on 67 acres of park land.

Strutt & Parker advertisement for an excellent agricultural, woodland and residential property for sale in 22 lots, an excellent dairy and arable farm of about 834 acres.

SAITHS GORE advertisement for a substantial farmhouse with a pair of semi-detached farm cottages, old manor house with 100 acres.

WORCESTERSHIRE advertisement for a fine agricultural investment, first class dairy and arable farm let and producing £4,458 per annum.

KINGSWEAR SOUTH DEVON advertisement for a marina residence in a spectacular position with outstanding views over the Marina, River Dart and Dartmouth.

BIDWELLS advertisement for a superb development on the South Coast of Barbados, set on 67 acres of park land.

EAST SUSSEX advertisement for an attractive and secluded country house in an excellent rural position with sea views, 2 reception rooms, 2 bedrooms, 1 en suite, 4 bedrooms, study, kitchen/breakfast room, staff/guest floor, outbuildings, kennels and enclosure, 3-car garage, garden, orchard and paddock.

RELOCATING TO GLASGOW advertisement for a business relocating to Glasgow, do you have regular meetings involving two or three-day stays?

KENT 26 ACRES advertisement for a 7000 sq ft modern house for accommodation 5 bedrooms, 2 bathrooms, 4 reception rooms, dining room, staff mess, double garage, outbuildings.

KINGSWEAR SOUTH DEVON advertisement for a marina residence in a spectacular position with outstanding views over the Marina, River Dart and Dartmouth.

BIDWELLS advertisement for a superb development on the South Coast of Barbados, set on 67 acres of park land.

COOKE & ARKWRIGHT advertisement for a substantial modern house in a convenient position on a private estate, only a short distance from the station and shops.

SURREY advertisement for a substantial modern house in a convenient position on a private estate, only a short distance from the station and shops.

BIDWELLS advertisement for a superb development on the South Coast of Barbados, set on 67 acres of park land.

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BIDWELLS advertisement for a superb development on the South Coast of Barbados, set on 67 acres of park land.

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BOOKS

Young man's fancy BY C. P. SNOW

Barclay Fox's Journal edited by R. L. Brett, Bell and Hyman. £8.95. 426 pages

There is a lucky find. Recently a cache of manuscripts was discovered, or more exactly just happened to be found, in a Cornish country house. No one had looked for it, though this had been one of the houses of the Fox family and Caroline Fox's diary had been well known for many years.

This new discovery turned out to be the journal of Caroline's brother, Barclay, ten volumes of it, mostly written between the ages of 14 and 26, which covers the period 1818 to 1844.

It didn't take much investigation to see that here was a record of quite uncommon interest. To publish it in full would presumably have been too much of an undertaking, but we are now given a version skilfully cut and edited by Professor R. L. Brett and handsomely produced.

The cardinal value of the journal lies in the personality of the author. He emerges as one of the most attractive of characters, and his vigour, curiosity, kindness and competence, blow fresh from page after page. He was highly intelligent, cheerfully masculine, deep natured, high spirited.

There are other attractions besides the personality of the author. The period itself is very interesting. A great deal was happening. There was excitement and hope in the air. This was the high time of Dickens's brilliant youth, and Barclay and his friends were reading the

early novels and feeling that Dickens spoke for them. They were living as he did in the take-over between the old agricultural England and the new industries. They had travelled in stage coaches, and were beginning to use railways. It is probable, as J. E. Priestley once said, that England has never looked prettier before or since, that is, if you didn't notice the hovels of the agricultural labourers.

Barclay Fox's family provide another attraction. They were well-to-do Quakers, settled in Cornwall for centuries, the leading clan in Falmouth. Fox and Company had spread their interests, shipping, shipowning, fisheries, mining. They were not inordinately rich: one has to remember that there wasn't much money in circulation. But they were certainly prosperous members of the haute bourgeoisie, related to, intermarried with, other established Quaker families, Barclays, Lloyds, Peases, Backhouses, Buxtons, Hoares.

The elite English schools and universities were Anglican foundations and so closed to these families, but they were highly cultivated and educated—sometimes, as with Barclay, through being tutored at home, which didn't prevent the young man from becoming easy in all kinds of company. The intellectual life of this Quaker enclave was characteristically active. By any standards the Foxes stand out as well informed. Barclay's father, as well as being successful in the family business, was also an FRS. That didn't mean that he was a professional scientist, but he produced inventions that made the local mining more efficient, and he was so intimate terms with the science and scientists of his time; just as Barclay, in his twenties, became a close friend of John Sterling, John Stuart Mill, and more surprisingly Carlyle.

Barclay as a young man was being chafed by the restrictions of the Society of Friends, though he held by its spiritual insights. In the journal, one finds that at 20 he begins to use the ordinary names of the months, instead of First, Second, Third, et seq. His closest friend, W. E. Forster, as strong and lively a character as Barclay and later a successful politician, was a Quaker who quite early abandoned the traditional dress. Barclay much approved. Quakers seem to have been much less censorious about the straight-forward human pleasures than orthodox English dissenters. They didn't deprive themselves of alcohol. As for Barclay, few young men could have had a more affectionate eye for girls. He liked women as well as loving them, and the ones he fell for were as striking characters as he was himself.

It seems that the girl he loved most was Richenda Buxton, and her family, though no longer Quakers, wanted the match. Her father, Sir Thomas, loved and admired the young man, as most potential fathers-in-law would have done. But the girl was as serious minded as later Victorian heroines. Weren't the religious differences too great? She couldn't make up her mind. So that split up.

A couple of years later he settled for Jane Backhouse, who was, by all accounts, beautiful. She was cool, dignified, couldn't or wouldn't express emotion. It looks as though that provoked Barclay. Somehow he was going to break through those reserves. He was helped by pressures from both families: the two of them were among the most desirable prospects in the Quaker upper-class. Jane melted enough to accept him. Though she might be inhibited in speech, she wasn't so inhibited in other respects. After they had inscribed them-

selves on the Society of Friends register as intending to marry, they went for a walk through the fields. There they, with anticlimactic comment, had apparently without many words, applied themselves—literally—to a roll in the hay.

Later that day Barclay wrote in his journal, with extreme gusto: the stately Jane G. Backhouse is actually come to this.

Well, that entry isn't the height of chivalry; but a good many men will read it with a brotherly grin.

Their marriage was very happy, and they had five children. It is saddening to learn that Barclay, so full of the joy of life, had years of illness that nineteenth century medicine didn't comprehend, and died before he was 40.



Barclay Fox: most attractive of characters

Lawrence and beetles

BY PETER KEATING

D. H. Lawrence's Nightmares: The Writer and his Circle in the Years of the Great War by Paul Delany. Harvester Press, £8.50. 420 pages

D. H. Lawrence at Work: The Emergence of the Prussian Officer Stories by Keith Cushman. Harvester Press, £10.50. 238 pages

Early in 1915 D. H. Lawrence was invited by his friend Bertrand Russell to spend a weekend at Trinity College, Cambridge. Russell hoped that Lawrence would find kindred spirits among some of the leading young intellectuals of the day, but the visit had quite other effects—it reinforced Lawrence's distrust of rationalism and homosexuality, and it made him dream of beetles.

"I will not have people like this," he wrote to Ottoline Morrell. "I had rather be alone. They made me dream in the night of a beetle that bites like a scorpion. But I killed it—a very large beetle. I scotched it and it ran off—but I came upon it again and killed it."

The nightmare in the title of Paul Delany's fascinating biography refers not simply to the scorpion-beetle but more generally to Lawrence's experiences during the four years of the First World War. Lawrence himself used the word in his novel Kangaroo to describe a time when "a true and deadly fear of the criminal living spirit" governed England. No nightmare could be more Lawrencean than that—the "living spirit" feared as criminal, and the beetles threatening to take over. As Lawrence frequently asserted, and as his admirers have repeated endlessly, he was on the side of "Life".

who see life differently. And more than just contempt and hatred. When in Women in Love, Diana Cress is drowned, Birkin says calmly that she is better dead than alive because "in life she was a drifting, negated thing." Digna tells him he is "rather horrible," and so he is. And so, often in much the same way, is Lawrence.

D. H. Lawrence's Nightmares will bring little comfort to those who would try to explain away such moments in the novels by arguing that it is naive to regard, say, Birkin's views as Lawrence's. As Professor Delany traces month by month the twists and turns of Lawrence's mind during the period of the Great War, the picture that gradually emerges is that of a man who fully shared Birkin's megalomania and obsession with death. Describing families out walking in the Cornish countryside, Lawrence could write in a letter: "Oh, if one could have a great box of insect powder, and shake it over them, in the heavens, and exterminate them!"

Personal circumstances at this time explain much about Lawrence. His tuberculosis kept him out of military service and so doubt influenced the tone of some of his more frenetic pronouncements; as his wife was German he was scrutinised and harassed by the authorities; and wartime travel restrictions kept him in England when he longed to go abroad; the most shocking personal blow came in November, 1915, when his novel The Rainbow was banned for its "obscenity". Turning all of his creative energy to writing his greatest novel, Women in Love, he found that it could not be published because of fears of another prosecution.

Against the bitter frustration caused by all this must be set the loyalty and devotion of his friends. Everyone who met Lawrence stresses how charming and dynamic he was, initially at least, and at this time there were many influential and talented people eager to help. Bertrand Russell, Ottoline Morrell, and Cynthia Asquith, sent Lawrence and

Friends money, offered them cottages, so they could approach them to other writers, his friends, and discussed with Lawrence his dream of establishing "Radium", a small community of like-minded artists set apart from the world. Middleton Murry and Katherine Mansfield were even persuaded to try to set up a miniature Radium in Cornwall, with Lawrence and friends. But after two months they fled in dismay, unable any longer to stand the fights and black rage.

Always the Lawrencean stamp gave way to a ruthless, unrelenting analysis of his friends and as he became increasingly isolated the conviction grew that he alone, in this world of war-madness, was right. He was capable of something hideously indifferent to the slaughter taking place in France. He was often blatantly anti-Semitic and anti-Semitic. Homosexuality fascinated and terrified him and his well-known views on the complete polarity of the sexes led him to find something sinister in women doing men's work, even in writing. He greatly admired Professor Deane's credit that he succeeded in demonstrating as convincingly as these various sources, and carefully studying revisions made to them, Keith Cushman shows that they are not simply apprentice work as many critics have supposed them to be, but being rather with the mature Lawrence of The Rainbow. The book in which the studies were collected for publication was called The Prussian Officer; it appeared in 1914 and marks both the end of one phase of Lawrence's life and the beginning of his nightmare.

Lost in a land of limbo BY ISABEL QUIGLY

Skinner of Skinner's Horse by Philip Mason. André Deutsch, £5.95. 241 pages

Masquerade by Cecilia Sternberg. Collins, £5.95. 335 pages

The Lead Soldiers by Uri Orlev. Peter Owen, £8.50. 234 pages. Translated from the Hebrew by Hillel Halkin

Mixtures of nationality and race, cultural overlappings; my three novels have these in common. All are about confused identities and, as a result, erratic progress through life. Otherwise, totally unlike.

The first is about a famous soldier of fortune in 19th-century India who raised an equally famous regiment of irregular cavalry, his "Yellow Boys," called after the colour of their coats. Philip Mason has dealt with India in several genres — in fiction, biography, essays. His book on Kipling was masterly; his autobiography, A Shof of Sunlight, had many of the qualities of insight and delicacy shown in this novel. Based closely on fact (his hero's memoirs and a biography written by a friend ten years after his death), Skinner of Skinner's Horse is about a man who found fulfilment and

serenity in a synthesis of the cultures that formed him, and out of their proclivity, but apparent irreconcilability, produced a rich mixture of philosophy and action.

Masquerade is a novel that will recall the crowded, knowledgeable works of Sybil Bedford, or perhaps of Rebecca Eddle, the English narrator, who goes to tutor a boy on a beautiful estate in Germany and in no time (or so it seems) becomes the grandmother's death-bed confidante, the mother's lover, and the boy's best lifelong friend. I don't say it is impossible to turn this into plausible fiction. Just that it seems too obviously the stuff of fiction, therefore hard to use. Perhaps it had best be taken as the romantic romp it may have aimed at being, but it has higher ambitions, I think, than that.

The Lead Soldiers looks at the reality of wartime Europe from a very different angle. Instead of the panoramic view, it gives a child's-eye view of what happened, with everything seen in terms of misunderstanding and games played while these events went on. Two Polish brothers, sons of a Jewish father, are trapped in the Warsaw ghetto and then spend two years in Belsen. Through-out their adventures and sufferings they lead an intense inner

life with a few lead soldiers that take on the sort of life the Bronzes toys had, a reality more real than that around them. The facts seem based on those of the author's life: time in the ghetto, loss of a mother, deportation to Belsen, final freedom and settlement in Israel. The book was published 23 years ago and comes in a not very inspiring translation (the Polish forms of address are kept, causing a great sense of distance); but it is well worth having, especially the early parts, where the confusion of life in the balance, and the children's total lack of understanding of any of it, is very well covered. What a middle, apart from everything else, it seems to have been: the venality and inefficiency of the butchers being as important as anything else. Later, when the story moves to Belsen, it loses intensity; one feels unconvinced of the boys' absorption in their play. Most of Masquerade is about Hitler's Germany, their feelings and other judgments are Soviet grandmaster. "Are you playing to draw, then?" asked Najdorf. "No!" "What are you playing for, then?" "Just to play," retorted Boleslavsky. The game continued, and was later agreed drawn—nevertheless, Boleslavsky had "out-talked" Najdorf.

Draws which are in effect agreed can occur in other ways. The most important for practical chess is the draw by threefold repetition of the identical position with the same player to move each time. This exact definition is important and ignorance of it has cost even very experienced players half a point.

There are several instances in international play where a threefold repetition has occurred without the actual moves being the same — for example, when one player oscillates first a rook and then a bishop to and fro. It is only too easy for the side with the advantage to check his score-sheet against repetition of moves and fall to notice that the position has repeated. Even a world champion Petrosian fell into this trap at the 1978 Interzonal.

The other basic error on threefold repetition is to forget the requirement that the same player has to be on move on each recurrence. This has decided at least two important international games.

One case was at the Haifa Olympiad of 1976 where Ray Keene had to beat his Chilean opponent to qualify for the grandmaster title. The Chilean announced his next move and claimed a repetition draw, but overlooked that Keene was to move when the position had

occurred previously. Under FIDE rules the Chilean had to make the announced move, which lost instantly. A similar occurrence caused Ljubojevic to make a losing move against Korchnoi in the European team championship final at Bath in 1978, and I remember seeing Korchnoi sitting in his chair quietly smiling while his dismayed opponent argued with the arbiter and found that he was committed to a blunder. Tactical offers of a draw are an important and neglected field. A draw offer is usually good psychology when a position is starting to improve, or become obscure; the opponent is likely to feel constrained to turn it down and if his position then deteriorates further he may become demoralised. At New York in 1949 there was a complete conversation between four people each using only one word. Horowitz had a won game against Najdorf, then a world title contender,

but the players had only a few seconds to reach the time control. Najdorf asked: "Draw?" Horowitz (pleased not to lose to the great man): "Draw!" Expert onlooker (noticing that Horowitz was a bishop up): "Draw?" Referee Hans Kmoch: "Draw."

POSITION No. 281
BLACK (5 men)

WHITE (6 men)

This might have been ending from Lela y. Podgats, Riga 1968, defeated both players and a host of analysts. White (to move) is a pawn up but Black threatens to win by bringing his king to K3 and eating the KP. What should be best play for both sides and the ultimate result?

PROBLEM No. 281
BLACK (4 men)

WHITE (11 men)

White mates in three moves, against any defence (by B. Horowitz). The composer calls this puzzle, "diamond" and various strong solvers have taken ten hours, ten minutes and half an hour. Solutions Page 12

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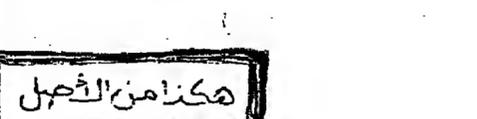
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CHESS
LEONARD BARDEN
Looking for peace

BRIDGE
E. P. C. COTTER
Playing for children

LET ME remind you that the Evening Standard Charity Bridge Congress in aid of the Save the Children Fund, in association with the National Bank of Dubai and sponsored by Lutomer Wines, takes place at the Europa Hotel from Friday, August 24 to Monday August 27. The chief event, the E.S. Pairs for the Bank of Dubai Trophy, will be decided over three sessions. The Lutomer Wines Team Championships, a Swiss Teams event, is also over three sessions. There are a large number of valuable prizes in all events.
For entry forms and full details apply to Brigitte Aubert, E.S. Charity Congress, 47 Shoe Lane, London, E.C.4. Tel. 353 8000, ext. 3521.
My first hand today comes from rubber bridge of expert standard:
N. ♠ 9 7 5 3 2
S. ♠ J 7
W. ♠ Q 7
E. ♠ A 9 7 2
W. ♠ K 4
S. ♠ 10 9 8 4 2
W. ♠ J 8 6 5
E. ♠ 10 9 4 3 2
S. ♠ Q 5
W. ♠ A 5
S. ♠ K Q J 8 6
W. ♠ A 5
E. ♠ K 10 8 3

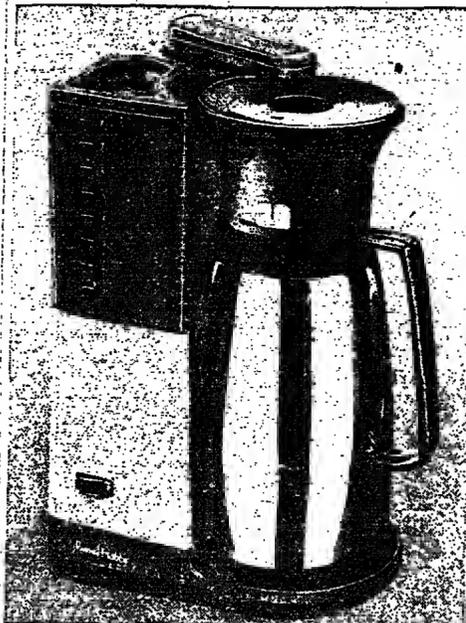


HOW TO SPEND IT

كفاهن الأهل

by Lucia van der Post

COFFEE BREAK



The Russell Hobbs filter coffee maker is exceedingly sleek and trim to look at and easy to use, once you get the hang of the system. It makes up to eight cups of coffee in a very short time, though the eight cups are definitely after-dinner size cups not breakfast-size. For breakfast I always make three of their cups (measurements are marked on the side) for two of my cups.

The great feature of this machine is that the coffee is made into a sleek vacuum flask which has its own stopper

so that should members of your family drizzle down to breakfast in relays (as mine do) you can make the coffee, help yourself and then put the stopper on the flask which will then keep it hot until it is needed.

The machine is about £29 and is so new it is just filtering into shops like Harrods, Selfridges and the Army and Navy in London. For out of London stockists write for Customer Relations Department, T1 Russell Hobbs, PO Box 1, Bythe Bridge, Stoke-on-Trent, Staffs.

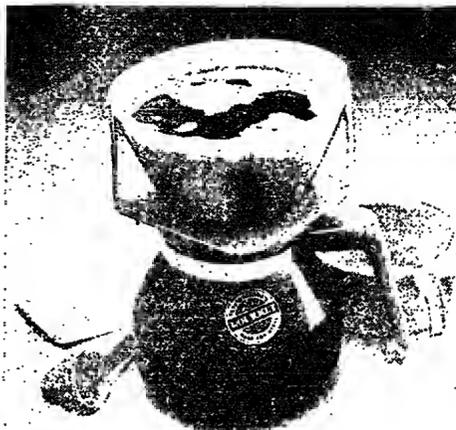
I hardly know a household where the making of coffee isn't the subject of endless debate. There are those who like the simplest method of all—pouring boiling water on freshly-ground coffee in a jug—and then there are those who swear by all manner of gadgetry. I certainly think that a good cup of hot, strong coffee is a basic culinary accomplishment and, as you can spend anything between a couple of pounds and over a hundred pounds on machinery, this week I've decided to look into some of the new gadgets around and see

whether it is worth investing in one of them or not. Apart from the machinery the other requirement for really good coffee is—fresh coffee beans. Grinding them yourself just before use gives much the best flavour and if you don't live near a shop that sells really good coffee if you write to us enclosing a sae we'll send you a copy of an article on coffee beans that we ran last year which lists several companies specialising in orders by mail. Write to the "How To Spend It Page" and mark your envelope "coffee."



For those who live alone or are the only coffee drinkers in the family Fondona make a filter coffee cup that makes coffee for one person. Most filter systems depend upon disposable filter papers but with this cup no papers are used—you put the ground coffee into a recess in the stainless steel top, cover it with the filter tray and pour hot water over it all. The

whole unit is made of high quality stainless steel and can be washed in the dishwasher. The Fondona can be bought from department stores including Harrods and Fenwick's of Brent Cross, for about £4.60. Alternatively if you have trouble tracking it down you can buy it direct from Fondona, 112 Anson Road, London, NW2 (£4.85 plus 60p p+p).



The filter method of making coffee (whereby boiling water seeps slowly through the ground coffee) is, after the jug and boiling water system, much the simplest and safest way of making coffee. The coffee cannot boil, the results are never bitter though the drawback is that the coffee is not always very hot due to the time taken for the hot water to seep through. This simple but effective coffee maker is made by the only British manufacturer making filter systems—Gourmet Coffee Systems of 17 Mere View Industrial Estate, Yaxley, Peterborough. Gourmet Systems discovered that no more than 3 per cent of all households who make coffee ever make

more than three to four cups at a time so they decided to produce two sizes of filter coffee makers—the "Compact" (photographed here) which produces between two and six cups and the "De Luxe" which makes up to eight cups. Whereas with most filter systems the top filter rests rather precariously on the top of the jug and can easily be toppled over, this particular model is designed so that the cone drops into the coffee jug by about 1/2 ins making the whole appliance much more stable.

Most good delicatessen shops and good department stores sell the filters—the "Compact" is £4.16, the "De Luxe" £4.99.



Stopper style

If you're looking for a special present these globe shaped bottles with the Lalique-like frosted stoppers are extraordinarily pretty. I'm never quite sure who uses perfume bottles as most perfumes arrive in bottles which are very pretty in their own right but these are certainly appealing enough to induce almost anybody to find some reason for using them. All the bottles are made from crystal while the stoppers vary—there's a choice of a winged

Pegasus, a horse, elephant or a group of waving flowers. Each bottle costs about £15.00 and is made by Wuidart Glass. There is a good selection at Fenwick's of Brent Cross and Crofts of Norwich now; larger supplies will be available from Liberty's perfumery department and from John English Gifts, 6 Princes Arcade, Piccadilly, London, W1, from the middle of next week. For other stockists write to: Wuidart Glass, 15 Rathbone Place, London, W1.

Gallic flavour

READERS WHO were interested in Judy Whale's article on short courses at British cookery schools might like to know of the experience of a reader, Mrs. Deane de Chassiron, who went to France to learn to cook. She so enjoyed it that she felt others might like to know about it.

The course was arranged by the "En Famille Agency," Westbury House, Queen's Lane, Arundel, Sussex (Tel. 0803 883266) and was really marvellous and incredible value for £108 that we paid for a six-day residential course. This included travel by train, hotels, craft and coach.

It was held in a lovely large country house near Lille and we were treated as family by our

charming host and hostess, Madame, the mother of ten, was an absolute expert and gave us about four to five hours daily in her kitchen where she demonstrated a mouth-watering range of dishes—from meat and fish to sweets and gateaux. All in French, of course, so a knowledge of the language is a must, but it does not have to be fluent as she spoke very clearly, and all the ingredients were written on a blackboard.

We then ate the dishes, accompanied by the appropriate wines. We had an aperitif before every meal, and a champagne buffet on the last night.

Any reader who would like to know more should write directly to the En Famille agency.

How Bunch have stopped burglar alarms being an expensive headache.

The Bunch Electronic Alarm has virtually solved the two major problems of burglar alarm systems.

Firstly, Bunch Alarms are simple enough for everybody to operate unlike other systems, which are either so complicated they are seldom used or make your house impractical to live in easily.

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The simplest system to use, the system is surprisingly simple to use. It's turned on and off by using the Chubb front door key. So there are no mad dashes to get to the control box when you come in.

Re-introducing the deterrent value. The ringing bell is such a common sound that people now ignore it, whether it's a false alarm or a real break-in. So Bunch use a powerful siren instead, which re-introduces the whole deterrent value.

Send now for explanatory brochure and reprint of Lucia van der Post's article in the Financial Times on Bunch Alarms.

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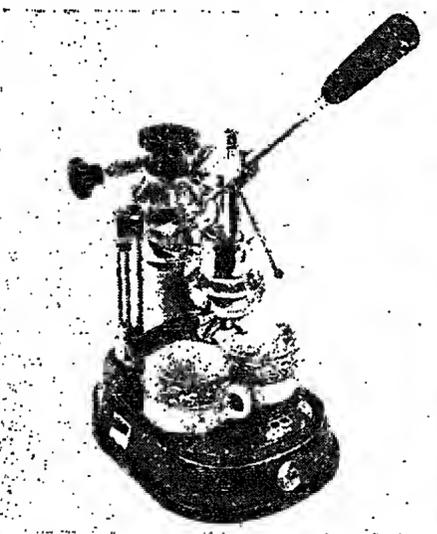
Telephone



The very latest in coffee machines is the Moulinex Automatic Coffee Maker. Its chief claim to fame is that, besides making excellent coffee, it can be programmed to make that coffee at any hour you choose—in other words, when you are just too-drunk to get up to find their favourite brew ready and waiting for them, now coffee-drinkers, too, can know that delicious sense of waking to the smell of freshly-made coffee. There is no alarm attached to the machine so you have to organise your own

waking-up but there is a mechanism for keeping the ready-made coffee hot should you oversleep. The design is efficient, the machine makes up to nine cups of coffee in eight minutes, and though it gurgles like *Veronique*, it really does make the whole business very easy. One slight snag—the machine is rather large for the average bedside table, measuring some seven ins by 12 ins by 11 ins.

It costs about £30 and is available from a large number of good department stores, including Harrods of Knightsbridge, and John Lewis.

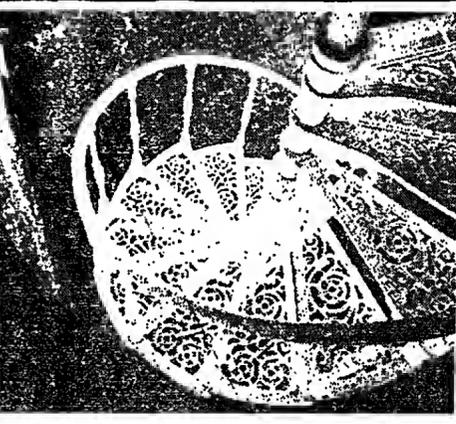


Those who become addicted to espresso coffee say that there is nothing else quite like it. It is, of course, the

typically Italian way of making coffee and it is becoming increasingly popular over here. The water passes through the coffee beans more quickly than with most other systems and extracts maximum flavour from them so that both strength and flavour are improved. The cognoscenti can tell at once whether coffee has been made by the filter, percolator or espresso method.

Pavoni, who are to espresso machines what Rolls-Royce is to cars, have a domestic espresso machine on sale in this country which is the Pavoni Europiccola. It is very expensive—£1200 or over, though aficionados say it is worth every penny and it does after all last a lifetime. It makes both espresso and cappuccino "almost immediately." You put the water in one place, coffee in the other, pull the lever and lo and behold there is enough for two cups. For more coffee, you just repeat the process. To make cappuccino, you add milk.

Find it at Harrods of Knightsbridge or the Algerian Coffee Stores, 52 Old Compton Street, London W1.



Twist and turn

IF YOU'RE short of space, the easiest and the most space-saving way of getting from one floor to another is by means of the spiral staircase—you don't need landings and corridors and all the other space that the conventional staircase uses up. They can also be exceedingly decorative as this photograph of a cast-iron Victorian reproduction spiral staircase shows.

However, most of us, unless we're architects or engineers, are rather ignorant about the technical problems that a spiral staircase might involve. Albion Designs, who make the spiral staircase photographed here, have opened a spiral staircase centre where potential buyers can seek advice on every aspect of their installation.

The centre is at 12 Filbert Street, Charing Cross Road, London, WC2, and it is open from 9.00 to 5.30, from Monday to Friday. Besides their own cast-iron reproduction staircases they have examples of wood, concrete and many other types. They have trained advisers who will be able to explain which installation might be most suitable for the needs of the house, how to comply with building regulations and, if you really can't find a builder of your own, would be able to put you in touch with a builder.

If you're thinking that just such a staircase might transform your house, prices start at £500 for a staircase and the minimum total, including installation costs, is likely to be £750.

VICTORIA WINE

It's never been easier to pick up fine wines!

Just call in at your local Victoria Wine shop and ask to see our Fine Wine List. It's packed with more than 200 outstanding wines from the greatest vineyards on earth.

Once you've made your selection, normally for a minimum of six bottles, your order is sent to our central cellars where all our fine wines are stored in ideal conditions.

Your wines are then dispatched immediately and you can pick them up at your local Victoria Wine shop, usually within a week to ten days.

Stocks of many wines are limited. So if you're thinking of buying some fine wines, call in and see what we have to offer. There's no easier way of building up a fine collection.

FINE WINES FROM OUR CURRENT LIST

Port	PRICE PER BOTTLE
1963 Graham	£8.75
1966 Fonseca	£7.19
1967 Cockburn	£5.66
1967 Sandeman	£5.66
1970 Warre	£6.94
1970 Graham	£6.62
1970 Dow	£6.29
NV. Cockburn's Special Reserve	£3.09



Claret	PRICE PER BOTTLE
1970 Ch. Mouton-Rothschild (Pauillac) CB	£26.62
1970 Ch. Brane-Caméac (Margaux) CB	£8.39
1971 Ch. Latite (Pauillac) CB	£21.58
1971 Ch. Ducru-Beaucallou (St. Julien) CB	£7.88
1971 Ch. Pavie (St. Emilion) CB	£7.45
1973 Ch. Gazin (Pomerol) CB	£6.38
1973 Ch. Pichon (Medoc) CB	£3.50
1976 Ch. L'Esclaire (Cotes de Blay) FB	£2.45
1970 Ch. Firon (Bordeaux)	£2.08

White Bordeaux	PRICE PER BOTTLE
1975 Ch. Rieussec (Sauternes) CB	£6.94
1975 Ch. Guirand (Sauternes) CB	£6.39
1976 Ch. La Louviere (Graves) CB	£3.17

Red Burgundy

1972 Bonnes Mares (Louis Jadot) FB	£21.50
1972 Vosne-Romanee (Grosjean Leger) FB	£3.99
1973 Aloxe-Corton (Grosjean Fostine) FB	£6.55
1973 Santenay (Grosjean Leger) FB	£2.99

White Burgundy

1975 Macon Villages (Moillard) FB	£2.87
1977 Chablis, Domaine de Bieville DB	£5.07
1977 Louis Jadot Reserve FB	£3.82

18-French bottled 18-Domaine bottled Ch-Chateau bottled. All offers subject to availability, alterations to V.A.T. or duty, and any other price changes. By law we are not allowed to sell alcoholic drinks to anyone under 18.

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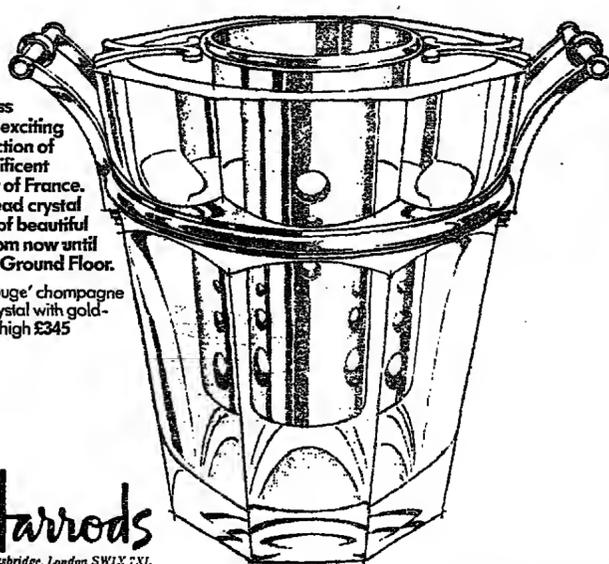
ANYBODY who has ever been to Scandinavia in midsummer will know all about the crayfish parties which are one of the highlights of the summer season. This year Selfridges of Oxford Street, London W1 has decided to import crayfish to the kiln to introduce the British to this northern delicacy. Unfortunately you can only buy them if you go to the shop in person for although the crayfish are deep-frozen they cannot be dispatched by van or mail in case they should spoil. The 1 kilo packs contain between 20 and 30 crayfish specially prepared in a dill brine and they cost £7.50 a kilo. Each pack includes suggestions for serving but Selfridges tells me they are best if left to defrost and then lifted from the dill and served quite plain. You could also serve them in a creamy sauce if you fancy something more elaborate.

Crystal for Connoisseurs

This year, our annual China & Glass Exhibition features many rare and exciting items, including an exclusive collection of porcelain from Russia and a magnificent range of crystal vases by Baccarat of France. The dazzling display of pieces in lead crystal is just part of the superb selection of beautiful things you can admire, and buy, from now until September 7th in the Central Hall, Ground Floor.

Here we show the splendid 'Moulin Rouge' champagne or wine cooler from Baccarat. Lead crystal with gold-plated fittings and bottle carrier. 22cm high £345

Personal shoppers only.



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Knightsbridge, London SW1X 7XL
01-730 1234

ARTS

On with the new at Pitlochry...

The Pitlochry Festival Theatre—Scotland's Theatre in the Hills—is now well into its 20th season with a typically varied repertoire of six plays by Tom Gallacher, William Norfolk, Anthony Lesser, Ayckbourn, Coward and Shaw. At the same time the dream of the Festival Director, Dr. Kenneth Ireland, of a new theatre building with an outlook over the River Tummel to replace the present "temporary" building just up after the war, has at last started to take tangible form. Cement has been stirred, foundations laid, scaffolding erected, and a provisional date fixed to open the season at the new address in 1981. The present theatre will then be turned into a much needed store for the company's scenery and costumes.

The cost of the new theatre has been estimated at around £1.5m and this sum has been raised from an unusual combination of private and public sources. The Festival Society has already raised more than £200,000 from its many Friends and is now approaching industry and charitable trusts for a similar amount. Grants of approximately £1m will come from the Scottish Arts Council, the Scottish Tourist Board, Tay-side Regional Council, Perth and Kinross District Council, the North of Scotland Hydro-Electric Board and the Countryside Commission for Scotland. Meanwhile a grant of £475,000 has been received from the Regional Development Fund of the EEC.

This, as Dr. Ireland explains, is the first grant of its kind given by the EEC to a theatre, and it has been awarded on such a generous scale because the theatre will make a significant contribution to the economy of an under-developed area and to the tourist industry of Scotland. The seating capacity will be 530, slightly larger than the present theatre; but still preserving the intimate Pitlochry atmosphere and permitting even more ambitious productions.



Simon Cuff and Moira Lamb in 'Jenny'

murder his putative father with either the knife or the revolver he produces from his pocket? It was Greek to me, especially as an ancient model of patricide and revelation was manipulated somewhat mechanically with the help of some pinter-type pauses and groupings.

The trouble is that, in Stuart Mungall's production, the other characters are played almost as caricatures beside Jenny's superlative. However, in the second half of the drama when she becomes involved through a play she has doctored while typing in order to make it more truthful, the opposition to her attitude becomes more subtly depicted and the conflict more interesting. Jenny tries her skill on a chat-show host (Michael Mackenzie) and his researcher, made by Beverly Walding into a tough women's libber with a manner as rude as Jenny's is straightforward. Needless to say, Jenny takes to TV instantly. She turns into a kind of latter-day Lady Barnett and through her new riches becomes the benefactor of her relations who are freed from their shop-keeping.

plays in the repertoire are less challenging in intention and more popular in style. I hope to deal with them in another article. ANTHONY CURTIS

Elly Ameling. In the place of Jessye Norman, unable to appear, the Summer Music recital on Thursday at the Elizabeth Hall was given by Elly Ameling and Dalton Baldwin. At very short notice, we were told, but there was no sign of under-preparation from either soprano or pianist. Mozart (a short opening group), Ravel, and a second half entirely of Schubert were given with cool, poised, illuminating finesse.

Youth at the Albert Hall. Mr. Edward Heath picks up his baton again tomorrow night when he conducts the European Community Youth Orchestra in a concert at the Albert Hall. Mr. Heath will be responsible for the Beethoven overture Promethes. Then Claudio Abbado takes the stand for the Beethoven piano concerto No. 3 in G with Murray Perahia as the soloist followed by Bruckner's seventh symphony.

Strong overseas entry for Benson and Hedges Gold Award. The international status of the Benson and Hedges Gold Award competition for concert singers has been strengthened this year by a formidable overseas entry. For the first time there are more foreign than British singers. Out of the total of 44 acceptances, there are no fewer than 25 singers from 10 countries other than Britain.

...and at Edinburgh

The Edinburgh Festival, which opens tomorrow and closes three weeks later on September 8, has a new director. John Drummond has succeeded Peter Diamond and produced a programme that is well up to usual standards but especially improved in the drama department. The Festival theme, which is not too slavishly pursued, is the 50th anniversary of the death of Sergei Diaghilev. The great impresario will be remembered in lectures by Anton Dolin and Richard Buckle; in an exhibition of dance costumes including that of Nijinsky for Petruschka; and in Scottish Opera at the King's Theatre in both Rimsky-Korsakov's The Golden Cockerel, first produced by Diaghilev, and a centenary production of Eugene Onegin (Chalkovsky is Diaghilev's favourite composer); and by the Glasgow Citizens in a revival of Robert David MacDonald's Chichinilla at the Lyceum Theatre.

At the Assembly Hall, the Bristol Old Vic will be on duty throughout with revivals of Shakespeare's Troilus and Cressida, directed by Richard Cottrell, with a young and attractive actor, Jonathan Kent, playing opposite a more mature Cressida, Meg Davies; and of Farquhar's mercenary, military classic set in a sleepy Shrewsbury, The Recruiting Officer. This latter will be directed by Adrian Noble, one of the most talented young directors to emerge in recent years.

Scottish Opera are sharing the King's Theatre with Kent Opera, for whom Jill Gomez makes her debut in the role of Violetta in a new production of Verdi's La traviata by Jonathan Miller. Kent also bring their production of Gluck's Iphigenia in Tauris, much-admired in these columns. This will be Kent Opera's first appearance at the Festival and just recognition of their achievement over the past few years under the musical direction of Roger Norrington.

ENTERTAINMENT GUIDE. OPERA & BALLET. COLISEUM. Credit cards. 01-240 2253. ENGLISH NATIONAL OPERA. 100, Tottenham Court Road, W. 1P. 3.30, 7.30, 9.30. 300 balcony seats avail. from 10 on day of perf.

THEATRES. AMBASSADORS. 01-838 1171. 8.30 and 10.30. DUNDAS LANE. GLEN WATFORD. DAVID BURNIE. A LIFE LIKE A... THE JUNGLE. THE LIFE LIKE A THUNDERBOLT FROM HEAVEN. THE LIFE LIKE A THUNDERBOLT FROM HEAVEN.

THEATRES. COLLEGIATE THEATRE. 01-588 7629. 8.30 and 10.30. DOGG'S HEAD. THE LIFE LIKE A THUNDERBOLT FROM HEAVEN. DOGG'S HEAD. THE LIFE LIKE A THUNDERBOLT FROM HEAVEN.

TV Radio. Indicates programme in black and white. BBC 1. 7.15-8.30 am Open University (Ultra High frequency only). 9.00 Mister Men, 9.15 Boss Cat, 9.40 The Record Breakers, 10.05 Horseshoe, 10.30 Zorro, 11.27 Weather, 11.35 Cricket: Third Test: England v. India.

Championships. 4.40 Join BBC1 (Grandstand). 5.00-5.10 Sport. 5.15-5.30 News, Weather for Northern Ireland. BBC 2. 7.40 am-2.45 pm Open University. 2.45 pm Saturday Cinema: "Highway Junction" starring Ava Gardner.

Radio 4. 6.22 am Shipping Forecast, 6.30 News, 6.32 Farming Today, 6.50 Youngs Faithfully, 6.55 Weather, Programme news, 7.00 News, 7.10 You Can't 7.40 Today's Paper, 7.45 Youngs Faithfully, 7.50 It's a Bargain, 7.55 Weather, programme news, 8.00 News, 8.05 Capital Countdown, 8.10 News, 8.15 Today's Paper, 8.20 The Firm, 8.30 News, 8.35 International Assignment, 8.40 Talking Politics, 8.45 News, 8.50 Morning Show, 9.00 Pick of the Week (S), 11.20 Time for Your 11.30 Wildlife, 11.55 Sounding Out, 12.00 News, 12.02 pm Anytime from 12.00.

WEEKEND CHOICE. SATURDAY: Unless you're punch-drunk or quite crazy, hope for a sunny weekend. The best that the BBC can offer — you can't forget ITV and the opening concert from the Edinburgh Festival on Two at 8.00, featuring Conteh versus a Matthew Muhammad (formerly Matt Franks) for the world title.

TV RATINGS w/e August 12. UK TOP 20 (viewers in millions). 1. Soaps Special (BBC) 18.80, 2. The Doctor (BBC) 14.80, 3. To Catch a King (BBC) 14.50, 4. Sword of Justice (BBC) 14.30, 5. The Hunt for the Wild Geese (BBC) 13.85, 6. The Hunt for the Wild Geese (BBC) 13.85, 7. Return to Paradise (BBC) 12.25, 8. Star Trek (BBC) 12.05, 9. Goldfinger (BBC) 11.95, 10. Julia (BBC) 11.80, 11. Nine O'Clock News (BBC) 11.80, 12. Coronation Street (BBC) 11.50, 13. Nine O'Clock News (BBC) 11.50, 14. Nine O'Clock News (BBC) 11.50, 15. Nine O'Clock News (BBC) 11.50, 16. Top of the Pops (BBC) 10.95, 17. The Doctor (BBC) 10.95, 18. The Doctor (BBC) 10.95, 19. The Doctor (BBC) 10.95, 20. The Doctor (BBC) 10.95.

Advertisement for 'مكنا من الكحل' (Makna min al-Khal) featuring a large image of a person's face and text in Arabic.

LEISURE

Naive appeal

"DISCOVERING THESE pictures can be likened to the pleasures of fishing. From time to time one comes up with an exciting and rewarding catch..."

COLLECTING

JUNE FIELD

going in to the fight game, from which he retired undefeated after his last bout against American John C. Heenan when the result was declared a draw...

RESTAURANTS

BY DAVID BELL

TAKE £250,000, some old English recipes and a disused vegetable warehouse in Covent Garden. Add a video terminal, a multi-computer and sleepers for all the waitresses...

native artists goes back to the 1920s, and over the years enthusiasts have gradually pieced together many names and identities. One of the most well-documented is Anna May Robertson Moses (1860-1961), who because she was in her late 70s when she began her career as an artist, became known as Grandma Moses...



Martin Leman's "The Sisters" from the Rona Guide To The World of Naive Art. The current Rona (Register of Naive Artists) exhibition is at the Guildhall Art Gallery, King Street, Cheapside, EC2. 10 am to 5 pm, until August 30.

In the "How I paint" chapter she described how she "got a frame, then I saw my masonite board to fit the frame..."

64, and had very little formal education. Collectors in a more modest sphere should study The Rona Guide To The World of Naive Art, published by the Register of Naive Artists...

The season's greetings

THE PRE-SEASON is a happy period full of hope, sun and confidence. The managers and coaches are convinced that this really will be their year, and they will be able to satisfy the frequently vociferous demands of their directors...

SOCCER

TREVOR BAILEY

to recommend starting the League Cup on a two-legged basis quite so early, apart from cash. Who among the first division clubs other than Liverpool can look confidently forward to the future? Under that remarkable duo of Messrs. Clough and Taylor, Nottingham Forest, the European champions, are again bound to make their presence felt...

Another team to watch are the splendidly managed WBA. Although they have lost Cunniff to Europe, they have purchased two exciting replacements, Barnes and Owen from Manchester City...

Agony and ecstasy

THIS WEEK traditionally sees the professional and amateur golfers of this continent gathered together here not only for the immensely lucrative \$400,000 Westchester Classic, this year sponsored by the Manufacturers' Hanover Trust banking concern...

GOLF

BEN WRIGHT

naturally went to Lee Trevino, who had won the American, Canadian and British Opens within a month that summer. I make the point only because I have just finished reading a most controversial book recently published in Britain by Hamlyn at the price of £5.95, entitled: "Tony Jacklin - The Price of Success..."

of success and call of failure. It is at once both a fascinating and deeply disturbing book, disturbing because in my mind it will do Jacklin no good at all with his loyal legion of admirers. His transparent bitterness about so many facets of his existence pervades the entire work.

For instance, I am only too willing to admit that the British Press were very hard on Jacklin because, in the absence of heroes to worship, they always expected too much of him. And when Jacklin failed to deliver, they ruthlessly ripped him apart. A particularly bitter tirade from Jacklin in a chapter entitled "Gentlemen of the Press" contains such comments as: "I do not consider I have any real friends in the Press..."

Watson Senior pointed to a ditch crossing the pathway 75 yards from the tee. If the boy could carry the ditch, he would be able to win the professional title. With the honour of the title, Watson Senior would be able to buy a house and a car. Watson Senior pointed to a ditch crossing the pathway 75 yards from the tee. If the boy could carry the ditch, he would be able to win the professional title...

to know just when to sow home-raised seeds. Vegetables usually have a fairly precise growing season and so there is little or no difference between the sowing time of home-produced and purchased seeds. Tomatoes, for example, which sown quite well at home if they are not sown in late winter or early spring and in spring for later summer cropping. Onions and leeks are two other good crops to save at home except that it is necessary to wait a further year for the plants to flower and produce seed. There are plenty of expert exhibitors who find it worth their while to do just that since they have perfected strains of their own which they regard as superior to anything they can buy...

GARDENING

ARTHUR HELLER

Seeds from the garden

HOW SENSIBLE is it to save seed at home? For some purposes very sensible indeed, for others a waste of time so it is worth thinking a little about what makes the difference. By no means all plants produce seedlings exactly like themselves. This may not matter or may even be an advantage if one is looking for a new variety but it is certainly no use saving seed from one of the fine new first generation hybrid (F1) annuals and expecting to get a batch of seedlings as uniform as those produced from the raiser's seeds...

Vegetables are just as varied in their behaviour as flowers. Runner beans are self pollinating plants and it is quite safe to produce seeds if you think it is worth the trouble. It will not be for seeds more and more expensive every year. But do not wait until late September before making up your mind. If you want home-raised runner bean seed retain a few early pods specially for that purpose so that they have plenty of time to ripen properly on the plant. Runner beans are tender and if the bean pods get frozen in October it is unlikely that any of the seeds inside them will be any use.

Which brings me to the important matter of harvesting. Ideally seeds should ripen on the plant but if they are seeds from plants that flower late that may be difficult. There is usually quite a short period between the time that seed is ripe and the time at which it is discharged, sometimes no more than a few days. I keep a sharp eye on any seeds I want and gather them directly I see the pods are commencing to split, the seed beads are beginning to get loose or the fruits are getting soft. Usually I only require a few seeds of any one thing, and just two or three pods, heads or fruits will suffice. If they are really ripe, brown and ready to scatter, I simply shake them into an envelope or seed pocket but if there is any doubt I cut them with a good length of stem, lay them in paper lined trays and place them in a dry place, such as a greenhouse or window, until they are discharging naturally. It is sometimes a problem

hysterical transfers, this should prove to be highly beneficial not only for the club but also for the player. The players are destined to play a major role in England's next pursuit of the World Cup, and his own game is likely to improve for more in the fresh challenge, and the new environment of Old Trafford that struggling in the second division with Chelsea. Manchester United look a good bet for one of the two knock-out cups.

The huge sums which have recently been spent on players, some of whom are unlikely to justify the expenditure, has been very alarming, while it cannot bode well for Everton's prospects that some of their best footballers should be requesting transfers before the commencement of the season.

Another team to watch are the splendidly managed WBA. Although they have lost Cunniff to Europe, they have purchased two exciting replacements, Barnes and Owen from Manchester City. The Midlands certainly promise rather more than City, under the controversial Malcolm Allison. Malcolm has virtually rebuilt his team, which failed to play its potential last winter, there must be doubts as to whether this new set-up will click immediately and provide the consistency required. Manchester City start against another newcomer, Crystal Palace, who, like Brighton, have much to offer spectators, but possess even greater potential because they have just about the most promising group of youngsters around. The other Manchester club, United, have just completed their season about those of QPR, despite the arrival of the irrepressible Docherty and several large signings.

Graham, both of whom I admire immensely. They are a different chalk and cheese in terms of background. Watson was introduced to golf by his well-to-do father, and had his own set of cut-down golfclubs at the age of six. For Graham life was a contrasting, hard uphill battle as a virtual orphan, who was seldom better off than penniless, who became a teenage bankrupt, and he showed his way to the top with sheer raw courage over his 10-year career. He has a distinguished amateur career and a classical education in psychology at Stanford University.

I close with one of Watson's stories from his previous speech of acceptance on Wednesday evening. He told us that the pressure had been mounting when Jack Nicklaus forced him to hole the final putt to win the 1977 Open Championship at Turnberry after their epic 36-hole duel. But he reported that it was nothing compared to a seven-year-old on holiday with his indulgent father in Colorado. On the first tee, the club professional told Watson Senior that the boy could not play because the course was too busy to be cluttered up by children. Watson Senior pointed to a ditch crossing the pathway 75 yards from the tee. If the boy could carry the ditch, he would be able to win the professional title. With the honour of the title, Watson Senior would be able to buy a house and a car. Watson Senior pointed to a ditch crossing the pathway 75 yards from the tee. If the boy could carry the ditch, he would be able to win the professional title...

Phillips Postage Stamps of Great Britain. Wednesday 5th Sept. at 2pm. Thursday 6th Sept. at 11am and 2pm. Friday 7th Sept. at 11am and 2pm. 1840 1d plate XI, very fine mint. 1840 official (1 R) 1d with sooty very fine and rare mint. 1911 Hamilton post. 14, 3d grey on lemon, unmounted mint. 1867-80 2s. brown, very fine mint.

CONCERTS ROYAL FESTIVAL HALL London Philharmonic London Symphony Philharmonia Royal Philharmonic BOOKING OPENS during the coming weeks for the following concert in THE 4 ORCHESTRA SERIES ROYAL FESTIVAL HALL Tickets from Royal Festival Hall Box Office (01-292 3181) & Agents. Sunday 16 Sept. 7.30 p.m. PHILHARMONIA Riccardo Muti. Monday 18 Sept. 8.00 p.m. LONDON SYMPHONY Sergiu Celibidache. Wednesday 20 Sept. 8.00 p.m. PHILHARMONIA Riccardo Muti. Friday 21 Sept. 8.00 p.m. LONDON SYMPHONY Sergiu Celibidache. THURSDAY 20 AUGUST at 7.30 p.m. Malcolm Sargent Promenade Concert A MOZART EVENING. PETER FRANKL piano. ALAN CIVIL horn. LONDON MOZART PLAYERS. WALTER SUSSKIND conductor.

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FINANCIAL TIMES

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Telephone: 01-225 2000

Saturday August 18 1979

Figures from the past

BY THE end of last week, mild financial jitters about the UK economy began to be evident in London and in the international currency markets. Faced with the biggest monthly rise in retail prices ever recorded in a single month, with rumours of very bad trade figures on Monday, and with the Chancellor's blunt remarks about UK performance in the U.S., sterling, gilts and equities all fell. The figures, after all, are compatible with warnings that prospects for the UK are "almost frighteningly bad."

Modest rise

The one major fault in this picture is that neither of the figures mentioned above conveys any news. The retail price index reflects the consequences of a Budget which was welcomed as much by foreign as by home investors. Once allowance is made for this, and for the fact that the sharp drop in seasonal food prices, there has been only a modest rise in the underlying rate of inflation. Retail prices, of course, are themselves something of an indicator; they come at the end of a long pipeline from initial costs. There is still no clear reason to correct official inflation forecasts made in June so far as 1979 is concerned. For 1980, much depends on the outcome of the new wage round.

The trade figures again are a backward-looking indicator in two senses. First, they will start to unwind distortions already amended. Secondly, they represent orders completed and delivered; it is the trend of export and import orders which gives a clue to the future. There has been a forbidding turn for the worse in export confidence, as the CBI reported some time ago; but against that, the balance of payments will benefit from oil self-sufficiency (which implies net earnings, since North Sea oil commands a premium price) and could benefit sharply if consumer spending turns down, as many forecasters expect. Market reactions which look to the past rather than to the future suggest that the legendary foreign investors have indeed been active enough to affect the balance of the market, as is confirmed by the latest money supply figures, which show large foreign deposits and stock purchases. Those investing outside their own country normally read the bold figures rather than the small print.

Confidence

A more realistic assessment of current trends depends on indicators which are not so obvious, or so easy to interpret. The retail figures and those for consumer spending, for example, confirm the very sharp boom in consumer spending up

The TPI: how it works and what it covers

THE tax and price index (TPI) aims to measure the impact on the average taxpayer of changes in both prices and direct taxes and hence—in the words of Mr. Nigel Lawson, the Financial Secretary to the Treasury—to show movements in total household costs. The index is therefore broader than the monthly retail prices index, which shows changes in the level of prices paid for goods and services, including those caused by higher indirect taxes. But it does not go as far as a standard of living index like the quarterly series on real personal disposable incomes, which shows not only what is happening to prices and taxes but also changes in real incomes for other reasons. The new index has a more limited function. It shows the increase in gross income (before tax) needed in order to maintain the same level of real net income after taking account of changes in both prices and tax rates and allowances. Alternatively, it can be described as an index formed by averaging together changes in taxes (including employees' and self-employed persons' national insurance contributions) with changes in the prices of goods and services.

Consequently, an average worker will now be able to work out the rise in his gross earnings needed in order to ensure that his real take-home pay is unchanged. A comparison of this with the actual change in the index of average earnings gives a broad guide to movements in the standard of living, while a comparison with the retail prices index shows what has been happening to the direct tax burden. Over the last 18 months the figures show both the rise in real earnings and the reduction in direct taxes.

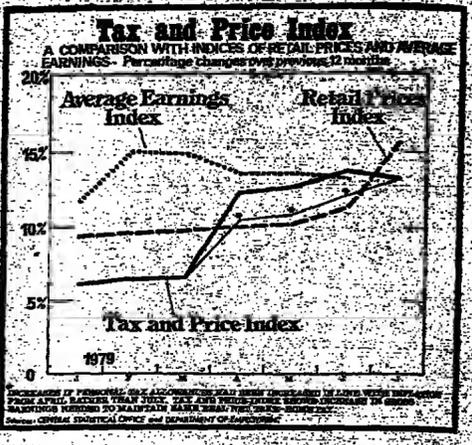
The Government's index at present goes back only to January, 1978, though earlier figures will be available shortly. The independent Institute of Fiscal Studies has produced a broadly similar index, inelegantly known as the Gross Earnings Deflator. This shows that over the long-term—between early 1974 and July, 1978—the increase in gross earnings needed to maintain the same real purchasing power was much larger than the rise in retail prices—an increase of 142 per cent against 120 per cent. This was because of the rise in direct taxes, especially in the mid-1970s.

The new index is based on Inland Revenue calculations and will be published monthly by the Central Statistical Office on the same day as the retail prices index, which will continue to appear unchanged. The compilation of the index has caused all kinds of headaches in Whitehall; although the basic concept is straightforward the details are much more complicated.

The starting point is a sample survey of tax records—the annual Survey of Personal Incomes conducted by the Inland Revenue. The most recent date, based on roughly 120,000 tax returns, are for 1976-77 and these figures of personal income have been projected forward to January 1979 to form the base for the calculation of the tax component of the index. An estimate is then made of the annual rate or receipt of income at the turn of each

calendar year and the appropriate tax liability is then calculated on an average basis throughout the year. With knowledge of the tax structure and of the change in prices through the year, it is then possible to show the gross income which maintains real net spending power on the base date of January each year. A key question is the coverage of the index. Since changes in tax have no effect on people who do not pay tax, only those paying income tax are included. Thus a large number of people receiving social security benefits are excluded; for non-taxpayers the retail prices index and the associated index for pensioners are the appropriate measures of the change needed to maintain the purchasing power of both net and gross incomes. In addition, the highest income groups are excluded since income tax has a different impact on them than on most people. The retail prices index also takes no account of the expenditure patterns of top income earners. At current earnings levels this keeps out those with gross pay of over £10,000 a year. The net effect of all this is to exclude about 7m at the bottom end and 2m at the top end out of a total of 28½m tax units, defined as single people or married couples. Even with the top and bottom ends excluded, there are naturally large income variations within the sample. But the statisticians reckon that the difference in the rate of change of the index is no more than 1 per cent between these groups. This is in line with the conclusions of a recent study which showed that different types of household experience roughly the same increase in retail sales. The index takes account only of ordinary taxable income and excludes tax-free benefits. In particular, child benefits are not included and to achieve comparability child tax and family allowances have been excluded from earlier figures. The treatment of child benefits is the main difference between the new index and the Gross Earnings Deflator.

One of the problems about using the index is that it smooths out tax liabilities throughout a year, even though the actual changes, notably in tax rates, often only come into effect after a delay of several months. The retail prices index has a similar approach in that the public does not get pay price rises all at once. The new index ignores administrative delays and assumes that changes in tax rates and allowances operate from the beginning of the financial year. A partial exception is this year, since the Budget was much later than usual because of the election. Consequently, the changes in rates and allowances announced on June 12 are assumed to operate from July rather than from April. The tax relief for April to June has been treated as capital repayments and have not influenced the level of the index. This increase in the index in these months was higher than if the subsequently announced reliefs had been taken into account. This could distort



A COMPARISON WITH INDICES OF RETAIL PRICES AND AVERAGE EARNINGS - Percentage changes over previous 12 months. Source: CENTRAL STATISTICAL OFFICE and DEPARTMENT OF ECONOMIC AFFAIRS.

the comparison in the early summer next year. The new index is thus essentially a statistician's concoction, with all the merits and drawbacks that implies. It deals with the average, taxable unit rather than any particular families or ranges of income. It spreads tax liability

evenly throughout the year, in contrast with the actual uneven pattern of payments and rebates which appear in pay-slips. As such, few individual taxpayers or families will be able to compare their experience with the index. But that is the way with all indices.

Merits, and drawbacks, of the new tax and price index

THE tax and price index launched yesterday by the Government is only the latest in a series of attempts over the past decade to persuade people that they are better off than they believe they are. As such, the index will no doubt merit a footnote—or at least a statistical appendix—in any history of Government efforts to moderate pay claims. And like similar previous initiatives, the new index has already been criticised by the very people at whom it is principally aimed: wage negotiators, in the shape of the TUC.

Anyone wondering why the Government should want to go down this path again need look no further than the simultaneous announcement of a record monthly rise of 4.3 per cent in the retail prices index in July. About three-quarters of the increase was a direct result of the June Budget; notably the rise in Value Added Tax. This has boosted the 12-month rate of retail price inflation to 15.6 per cent compared with 7.8 per cent a year ago—hardly the best starting point for the new pay round.

One side of picture

But the sharp rise in the retail prices index only presents one side of the picture since take-home pay has been boosted by the big cuts in income tax also announced in the Budget. The Government has, until now, been stuck with the fact that only the unfavourable influence

of higher indirect taxes is reflected in the index—one of the main headline indicators for wage bargainers—while cuts in direct tax do not show up.

Even before the election, Sir Geoffrey Howe, the Chancellor, was wondering how to counter the bad news in the retail prices index. In his Budget speech, Sir Geoffrey claimed that the average family with weekly earnings of £100 would be about £130 a week better off as a result of all the tax changes while a household with earnings of £60 a week would be 75p a week better off. However, these calculations assumed that the benefits of the income tax cuts were compressed into slightly over nine months between mid-June and the end of the financial year, rather than spread over 12 months. Moreover, in a written Parliamentary answer, Lord Cockfield told Lord Kaldor, his predecessor as tax guru in the Treasury, that the percentage of income paid in direct and indirect tax for those on two-thirds of average earnings would rise from 27.7 per cent to 38.6 per cent between 1978-1979 and the current financial year.

All this supported the impression that, while the budget might make the already well-off even wealthier, it would not help those on below-average earnings. And the Government's case was not helped by Sir Geoffrey's unfortunate remark that "we have done everything we can to ensure that every family in the land will have more money coming in to pay the increased bills."

Moreover the gap between the annual rate of increase in the tax index and the retail price

index is not startling enough to change the view of many wage bargainers. The difference is currently about 2½ percentage points and is likely to continue at this level, so that when the 12-month rate of retail price inflation reaches its forecast level of 17½ per cent in mid-November the increase in the tax index will be about 15 per cent. Looked another way, this means that gross earnings will have to rise by this percentage to maintain real take-home pay.

As part from the index about the Budget, the main criticism of the new index so far—particularly from the TUC—is that it does not embrace enough. On this view, it is also necessary to take account of the social wage—public spending on health, education and social services. The TUC argues that the cuts in direct taxes have been financed partly by reductions in public spending, so that net benefits, when living standards have been adjusted by the Budget

offsetting higher indirect taxes. The outcome is the new index, discussed in more detail in the accompanying article. The results do not settle the Budget argument either way. Mr. Nigel Lawson, the Financial Secretary to the Treasury, yesterday noted that while the retail prices index jumped sharply last month, there was no increase in the tax and price index. Consequently, he claimed, the tax cuts in the Budget wholly offset the combined effect of the increase in VAT and the underlying rate of inflation between the two months. But it is possible to argue, on the basis of a slightly different view of the data, in particular the timing of the increase in personal tax allowances that at least some people are better off.

Moreover the gap between the annual rate of increase in the tax index and the retail price

Varying factors

There appears, however, to be only a very indirect relationship between movements in either retail prices or disposable incomes and the level of pay rises in the following year. Private sector pay increases may be affected at least as much by the competitive position of employers, by their profitability and liquidity, and by exchange rates and monetary policy. All these factors suggest that there will not be a pay explosion over the next year, and that the 12-month rate of price inflation will only rise slightly from current levels before falling back.

Stabilisation of spending

Mr. Lawson argued that there was no case for using any index as a basis for wage bargaining, but as a realist he recognised that "our habit of looking at real terms and that the only aggregate cuts are from the index, in particular, is too higher level of expenditure engrained to be broken proposed by Labour. Judging by past experience, the new index may have little impact on actual wage negotiations. In the mid-1970s the Labour Government tried to use the social wage argument—especially its 'pro-

Letters to the Editor

Trade
From Mr. D. Franklin
Sir—The high pound/low export and low pound/high import theory expounded by Robert Sheldon (August 9) is proven incorrect by the facts of the last 25 years.

The value of the pound during this period has been reduced to one-third of the Deutsche Mark. In theory UK exports should have trebled and West German exports reduced to one-third. In practice the reverse has occurred and the British share of manufactured goods exported to Organisation for European Co-operation and Development countries has fallen from 18.9 per cent to 8.5 per cent while West Germany's share has risen from 12.2 per cent to 18.8 per cent. The theory is based on the fallacy that price is the only criteria in the purchase of goods by consumers. Indeed if this were true there would be no Financial Times readers as the FT is not the cheapest newspaper available. Primarily no product can be sold unless it is right for its market and delivered on time. If these two requisites are met they will outweigh the price factor as proven conclusively by the West Germans who have a high DM/high export record. No reflation, fine tuning or intervention by the Bank of England will increase the sales of British goods. Only the consumer can decide to buy British and he will if the product is right, reliable and delivered on time and it matters not whether he lives in Birmingham or Bonn. D. C. Franklin. Lerpiniere House, 121, Kemington Road, SE11.

Pensions
From Mr. T. Shucksmith
Sir—Mr. Nottage (August 8) in my view reflects several fundamental misconceptions about the financing of conventional occupational pension schemes, such as those of the

National Coal Board and British Rail. Personally, I very much doubt whether the cost to the taxpayer or the NCB's or British Rail's clients would be reduced by switching from funding to pay-as-you-go, other than in accounts which failed to show a true and fair view of each organisation's trading. The prospective liabilities of these schemes follow from the scheme rules and these liabilities accrue as each member renders his service. These accruing liabilities may be regarded as deferred remuneration of the members and in a sense represent the cost to the employer, quite independent of the funding, or otherwise, of these prospective liabilities. The effective cost to the taxpayer may be influenced by the pattern of contributions over time by which the cost is met. Whether this results in a savings or a loss depends on whether the rate of investment return earned on any fund accumulated is greater or less than the opportunity cost of money to the taxpayer. This is not an easy question to answer. If it is assumed that the opportunity cost is represented by the rate of interest which must be paid on long-term Government borrowing, then the pension schemes as gross investors of part of their funds in as many securities as possible and property, might be expected to earn a higher long-term return because of the higher risk. If this picture is correct, then funding results in a saving. The effect of funding is broadly that some Government borrowing is channelled into the equity and property markets. At the margin this must be bad news for other investors in equities and property, good news for investors in gilts and private sector real investment and, one might reasonably expect, good news for labour productivity and national living standards.

Odometers
From Mr. T. Wright
Sir—No doubt the authorities will take note of Mr. Ebb's proposal (August 4) to "stamp out" the practice of "clocking" odometers, but given the parameters of the problem, will it make a decisive contribution? It is estimated that some 1.8m new cars are sold in the UK each year, 60 per cent of which are of commercial origin. Some 2.5m secondhand cars are similarly estimated to be sold each year, predominantly from company sources. Most company cars are sold through the motor trade or to the trade through auctions. The volume of documentation is already considerable. Dealers do not have to record their "transient" ownership and are notoriously "unable" to maintain records. A secondhand car can pass through a dozen hands in as many days. Provision already has to be made for the Vehicle Licensing Centre to issue duplicate documents to replace those "lost" which would have to be extended, if Mr. Ebb's proposal became a statutory obligation. It would, therefore, add to the bureaucracy already a burden to companies and private owners alike. It would remove an invaluable source of evidence now generally available to the trading standards authorities responsible for bringing the miscreants to justice.

The Office of Fair Trading report indicates, there is no simple or easy solution to a problem which has the "fast buck" as its mainspringing motiva, although if manufacturers can be persuaded to provide sealed units, this will go a long way. T. I. Wright. Dept. of Trading Standards, Salop County Council, The Stretford, Abbey Foregate, Shrewsbury.

Energy
From Mr. N. Jenkins
Sir—The price of energy may well turn out to be eternal vigilance. Constant pressure has now produced a very different Marshall report (Energy Papers 34/5) from the discussion document Energy Paper 20. David Fishlock (August 1) refers to £1.5m pilot project for a geothermal borehole at Southampton on land owned by the Central Electricity Generating Board. Do we have to go through the same motions as before? Is it going to take another 20 years? We now have the electricity industry agreeing the technical and economic feasibility of combined heat and power, previously denied. The Marshall report puts CHP in the category of first cotender as the cheapest proven energy technique, the best alternative for existing highly wasteful methods of using fuels. It is cheaper to bore shallow bores for district heating than it is to go deep enough for higher temperatures for electricity generation. Southampton has recently seen the disappearance of its city-centre power station and turbo-alternators that could have been converted for CHP at far less cost than £1.5m for a hole in the ground. This would have been an ideal site for a district heating tad—serving the high head-load of the densely built-up area 100 yards away. It is understood the borehole "near" Southampton may be at Marchwood on the other side of the Solent. If geothermal heat is to be used at this power station it will be most likely for boiler feed water, turned into steam where for every extra three tons of fuel used two will be sent to waste. No borehole water is wasted in France where this

technique has been proved—in district heating. What the electricity industry says and what it does could well add up to two entirely different lines of basic, national, energy policy. An immediate start is recommended on one large city centre, the surest way to discover the most expensive deterrents.

What is needed is a permanent paid, Energy Council of impartial independents to replace the Electricity Council, to determine energy priorities, fair tariffs, choice of fuels, and which reserves to exploit/deplete. Norman Jenkins, Whitehill, Ewshot, Farnham, Surrey.

Microprocessors

From the Managing Director Innovcom
Sir—It is generally agreed that the use of micro-processors could reinvigorate UK industry, yet many managers remain apathetic. I think I know some reasons for this. The first mental block is when the word "micro-processor" registers in the brain as "computer." (Most people dislike computers.) Computers contain micro-processors but micro-processors can "drive" devices other than computers and it is in this aspect which is hard to get across to industry. To understand even in outline how they work needs some knowledge of Boolean algebra, binary, arithmetic systems, analysis, programming and control engineering. Many well-educated senior managers have never had the chance to study these topics and switch off when micro-processors are mentioned. To understand how they can help is an easier task since managers can apply their normal cost/benefit rules. The questions managers should be asking of micro-processors are: can they cut my costs? Can they upgrade my products? Can they help

me to design new products? During manufacture as a product takes shape, properties such as weight, size, temperature and moisture content can easily be measured and converted to electronic impulses which can be handled by the logic circuits in the micro-processor. The output can be shown as a number, or as a display on a television screen, or as a printed paper record. Most usefully, however, the output can be "fed back" into the production line controls so as to stabilise or maximise or minimise any desired property. In trouble-shooting any manufacturing process, micro-processors should at least be considered, especially now that up to £2,000 of Government aid may be granted to help offset the costs. B. V. Clifton. Innovcom, Southbank, Doveylands, Wilmshurst, Cheshire.

Portnadoc
From Dafydd Wigley, MP
Sir—The letter from George F. Burns of the SCM Corporation (August 10) no doubt outlines the reasons as seen from New York for closing down the Portnadoc typewriter factory. In the meeting I had with the UK management, however, considerable emphasis was placed on the value of the brand name—the dollar and the implication was clearly that had the price been nearer \$1.85 the prospects for sales of their products in the U.S. would be so much better that the factory could have been spared. It was because the decision to close was being taken in the U.S., and the UK management had, in their own words, no power to amend or revoke it, that the unions and I sought to meet the corporation chiefs in New York. We were asked to hold such a meeting inevitably in order to hold communications of the type complained about by Mr. Burns. Dafydd Wigley, House of Commons, SW1.

Congratulations to John Arlott on being not out in every Test since 1916



Antony Thorncroft describes the acquisition of one of the world's ten finest stamp collections



Why Gibbons took the \$10m plunge

THE SUDDEN acquisition by Stanley Gibbons International of the Marc Haas collection of early U.S. postal history for over \$10m has shattered the traditional August 'stamp market'.

is to disperse the 3,000 covers involved to genuine collectors rather than to investors or institutions.

whereas only 5m of the comparable first American stamp were printed in its four year existence.

against stocks worth \$5.5m at the end of 1977. This is easily the biggest stockpile of stamps in the world.

British investment consultants, to provide a stamp investment service using Gibbons' stocks and expertise.

ticular improvement in Canadian stamps in recent years.

The general consensus about the 1979-80 season, which starts next month, is that prices will continue to increase for classic stamps in good condition but that second division material is due for a slight setback.

Such a purchase would have been impossible without the financial resources of Letraset International which bought Stanley Gibbons in January for \$19m.

U.S. presence

For Gibbons the purchase of the Haas collection had two particular attractions: it helps confirm its position in the U.S. where previously its presence had not matched its general international importance.

The level of corporate investment is still small but it adds a powerful, if potentially erratic, new element to the market.

Encouraged by the recent gains reaped by the holders of major collections who in the past favoured cash on the table rather than the vagaries of the auction room are now more inclined to put their stamps under the hammer.

This does not apply just to the band of established rarities—a run down of a few Commonwealth issues, a particularly firm market at the moment.

Constancy

Individual stamps have performed even better—a Cape of Good Hope 1855 is bright yellow-green going for £150 in 1974 to £1,100 this year; a U.S. 1847 5-cent brown for £25 to £180; and a Great Britain Penny Black of 1840 from £180 to £1,500.

Some slowing down in the rate of appreciation is likely to be welcomed by the stamp market to keep in check the investing element, which attracted by Stanley Gibbons data on the rising values of classic stamps.

To underpin such improvements stamps have a vast collectors market unavailable to any other works of art.

The acquisition of the Haas collection is unlikely to disturb the stamp market. It is an unusual occurrence. Indeed so big is the market in early American postal history that even prices in this sector will not be rudely disturbed.

Weekend Brief

Planning controls

WITH FEW weeks to go before the Pope's visit to Ireland, which if nothing else will serve to underline the fact that the Republic's population is 95 per cent Roman Catholic, the Irish solution to an Irish problem is turning into a fine old Irish mess.

Attempts by the Government to legalise the sale of contraceptives have run into trouble in that the 1,200-strong Irish Pharmaceutical Union has said it will not sell contraceptives if the unofficial Family Planning Clinics were also allowed to sell them.

The Health (Family Planning) Act of Charlie Haughey, the Minister of Health, which only squeezed through the Dail last month after a tortuous passage, looks unworkable.

The saga conveniently starts in 1973. Contraceptives and birth control other than the "natural" method have always been banned in Ireland. In 1973 a Mrs McGee received a ruling from the supreme court that it was unconstitutional to prevent her from importing contraceptives.

Since then a number of Family Planning Clinics have sprung up, mostly they are in Dublin, but also in Cork, Galway, and Limerick. They are not legal but they are not banned either. They are widely used and although technically they cannot sell contraceptives, they accept contributions. Usually this is a standard £1.10 for a dozen condoms. Most contraceptives are presumed to be brought in from the north.

The strength of feeling about the issue should not be underestimated. A try at legalising the import of contraceptives by the previous coalition Government foundered when among others the then Prime Minister, Mr. Liam Cosgrave, crossed the floor and voted with the Fianna Fail to defeat the Bill.

Back in power the Fianna Fail, through its ambitious Health Minister, Charlie Haughey, finally got a Bill through last month, after it had been in the Parliamentary mill for almost a year.

What it stipulates is that they are to be available, but only on doctors' prescriptions and only for bona fide family planning purposes. This, of course, would cut out anyone who is not married for a start.

Predictably, the Act has managed to satisfy virtually no-one. The Minister of Agriculture, Mr. Jim Gibbons could not see his way clear to vote for it, and almost lost his job as a result, although in the end Mr. Jack Lynch decided to keep him on.

The senior Church hierarchy, the 28 or so Bishops, have been keeping a low profile, presumably feeling that there is such a demand for contraception in the country that whatever they decided would make them unpopular. Various priests however have condemned the Bill as evil, atheistic and hedonistic among other things.

In a debate in the Senate, one Senator cried out with great feeling: "You can amend the law but you cannot amend the Ten Commandments."

What will happen now is anybody's guess. If Haughey



Ireland's Minister of Health, Charlie Haughey, sponsor of an Act that has satisfied nobody.

gives way to the unions' ultimatum it would force the closure of the clinics and alienate the thousands who use them. If he does not give way he virtually nullifies his own piece of legislation.

When last questioned about the Act Mr. Haughey's reaction amounted to a weary shrug. A look which suggested he had done the best he could. The Act can still be challenged in the Supreme Court.

Oriental add

Tell Shi Fengshou to think of a number and double it and he'll have the answer before you can reach for your abacus. Give him two eight-digit numbers to multiply and he will produce the answer in five seconds without taking his hands from his pockets.

Shi Fengshou is a 23-year-old mathematical whizz-kid who grew bored with conventional methods of calculation when he was 10. There must be a better way, he thought, and he found it by the unlikely process of putting the accepted systems into reverse. The national newspaper people's daily this week reported the publication of one million copies of a book in which Shi describes his methods of addition, subtraction, multiplication and division. The book was a sell-out, according to the newspaper. "Experience has shown that workers, peasants, soldiers, teachers and students are all capable of mastering this method with a short period of study."

The technique which promises to turn China into the fastest-growing nation in the world abandons the usual sequence of calculations. In multiplication, for example, to calculate 567 by 28 it is usual to begin with the multiplier "8" and the unit-digit "7", carrying excess tens and hundreds to the left and reaching the answer 4,536. Then the multiplier "20" is used similarly to yield the answer 11,340. These totals are added to give the final answer of 15,976.

Shi looks at the problem backwards and works from left to right, using 29 brief, memorised formulae which tell him

everything he needs to know about carry-overs and which eliminates the intermediate steps of the calculation. His method is applicable to addition, subtraction, multiplication and division of number with up to 26 digits, a mouthful too big to chew for any but highly sophisticated electronic calculators.

In a recent contest against a pocket computer Shi mentally multiplied three sets of three sets of two eight-digit numbers in 15 seconds with no help other than a slight fluttering of the fingertips. The computer agreed with his answers after 30 laborious seconds.

The young marvel has been addicted to mathematics since he learnt to count in his home province of Shensi. In 1966, as a 10-year-old in the second grade of primary school, he became irritated by the time spent doing his sums horizontally and vertically.

Consumed by the search for a short cut, he filed exercise books and scraps of paper with experimental calculations. When the paper ran out he would jot his numerical graffiti on walls, in the dust of the schoolyard, on his shirtsleeves and, if the space became crowded, on his arms and legs. Five years later he had devised his 29 rules and drawn the attention of the Chinese academy of sciences.

Now he has been enrolled at the Chinese Science and Technology University as an exceptional student and has applied his theories of calculation to the heady disciplines of trigonometry and logarithms.

Shi Fengshou's text on back-to-front mathematics is certain to go into reprint after reprint. China has more than 200m young people at school and that means... well, Shi could figure it out.

Credit rating

High Street retailers such as Boots, Woodwards, Tesco, and even the Co-op, are currently almost falling over themselves in the rush to launch their new in-store credit cards on the unsuspecting shopper in time for the run-up to the crucial Christmas sales period.

Although department stores and some men's clothing retailers have provided a number of specialised account facilities for customers, the rapid trend towards the cashless society in the High Street has caught many people by surprise.

It is even suggested that the widespread provision of retailers' credit cards will herald a greater and more speedier revolution in retailing habits than the advent of self-service in the 1950s and 1960s. A recent survey carried out by the Office of Fair Trading has shown that 54 per cent of the adult UK population now use some type of credit facility, compared with only 22 per cent ten years ago.

Yet amidst all the euphoria generated by attempts to take the "waiting out of wanting," some shoppers are beginning to take a more critical look at the credit cards on offer. Surprisingly, this critical faculty does not extend to such pertinent issues as interest rates, since the OFT survey found that around half of credit card users did not know how much they were being charged for the facility provided.

But where consumers are becoming more agitated is over the degree of "noseyness" from the store about a prospective card holder's personal and financial background. The main culprit so far seems to be Marks and Spencer's which launched its credit facilities nearly a year ago. Apart from being different from all other retailers' credit facilities launched so far—in that M and S gives approved customers a special cheque book and cheque card rather than just the one piece of plastic used by other retailers—the application forms from Marks require the most detailed answers of virtually any credit card application forms.

Apart from the standard information about name, address, age, occupation, salary and so on, shoppers who want to buy St. Michael underwear on credit have to reveal such details as place of birth, and whether or not they are separated from their spouse, or even divorced.

Tesco, in comparison, are not interested in exactly where you were born or how well you get on with your spouse—you just have to tell them if you are married/single or a widower.

But the biggest intrusion into a shopper's affairs, according to a number of Weekend Brief readers who have independently raised the matter, is the information concerning house ownership. Most application forms only want to know the size of the mortgage repayment—Marks, however, wants to know the date purchased, the purchase price, the estimated present value, and whether the house is solely or jointly owned.

Citibank, which manages the M & S scheme, say that the more detailed information on the application form, the better for everyone since the system can run more effectively and bad credit risks are unlikely to be made.

However, Citibank remain coy about the number of people who have divulged such detailed information to them over the past year. Perhaps the cynics is understandable since, according to the OFT's survey, three out of every five people said they were "ashamed at using credit facilities."

Contributors

Stewart Dalby

John Hoffman

David Churchill

MONDAY—Balance of payments current account and overseas trade figures (July). Confederation of British Industry Monthly Trends (July). New construction orders (June). Engineering workers' one-day strike over pay and hours. Industrial civil servants' joint unions meet to discuss possible industrial action. Post Office group executive of the Society of Civil and Public Servants to talk on pay proposals. Increase in inland postal charges—first class letters to 10p and second class to 8p. United Nations Conference on Science and Technology for Development opens in Vienna. Mr. Norman Lamont, Parliamentary Under Secretary of State for Energy, visits Windscale and Calder Works, Cumbria. Manchester County Hall statement on action campaign in the North-West aimed at improving environment of Greater Manchester.

TUESDAY—August provisional figures for unemployment and unfilled vacancies. Further one-day strike by process workers at Pilkington Brothers in dispute over pay. Mr. Robert Strauss, U.S. Envoy, visits Egypt for talks with President Sadat. WEDNESDAY—Trades Union Congress general council meets. Congress House, London. Labour Party national executive meets, Transport House, London. THURSDAY—Two-day talks on pay open at Vauxhall Motors. New vehicle registrations (July). Brick and cement production (July). Public sector borrowing requirement and details of local authority borrowing (second quarter). Capital expenditure by the manufacturing, distributive and service industries (second quarter provisional). Manufacturers' and distributors' stocks (second quarter provisional).

FRIDAY—Trade and Industry publication by the Department of Industry will include—turnover of the motor trades (second quarter), sales and orders in the engineering industries (July), and finished steel consumption and stock changes (second quarter provisional).

Economic Diary

over pay. Mr. Robert Strauss, U.S. Envoy, visits Egypt for talks with President Sadat. WEDNESDAY—Trades Union Congress general council meets. Congress House, London. Labour Party national executive meets, Transport House, London. THURSDAY—Two-day talks on pay open at Vauxhall Motors. New vehicle registrations (July). Brick and cement production (July). Public sector borrowing requirement and details of local authority borrowing (second quarter). Capital expenditure by the manufacturing, distributive and service industries (second quarter provisional). Manufacturers' and distributors' stocks (second quarter provisional).

Important announcement to all shareholders of Stenhouse Holdings Limited. Set out below is the text of a letter which has been posted to all shareholders. "Dear Shareholder, A joint announcement was made at close of business on Friday, 17th August by Stenhouse Holdings Limited ("Stenhouse") and The Continental Corporation ("Continental"), a New York based financial services company, that Continental intends to purchase up to 20 per cent of the ordinary shares of Stenhouse in the market. THE PURCHASE WILL TAKE PLACE IN THE OPEN MARKET, COMMENCING WHEN THE STOCK EXCHANGE OPENS FOR BUSINESS ON MONDAY, 20TH AUGUST 1979. Stenhouse is based in the United Kingdom and owns 53.8 per cent of the equity of Reed Stenhouse Companies Ltd, a Canadian listed company with world wide insurance broking interests. Since Reed Stenhouse has subsidiaries which are admitted at Lloyds, the approval of the Committee of Lloyds has been sought and obtained. The Panel on Take-Overs and Mergers has also been consulted. In making the announcement in London, Mr Herbert Houghton, a director of Stenhouse commented, "We welcome this proposed investment by Continental and we believe that while insurance underwriting and insurance broking will always be divided there are specific areas of common interest where we can each benefit from the association without affecting our independent relationship with our clients. In particular we can help to develop our respective interest in provision of insurance-related services where there is considerable scope for growth." "Continental," Mr Houghton said, "has confirmed that it will not increase its interest in Stenhouse beyond 20 per cent and that it will not seek representation on the board of Stenhouse or Reed Stenhouse Companies Ltd." Mr V Lee Barnes, Continental's executive vice president for international insurance and re-insurance, said, "We think a Continental investment in Stenhouse would add to the diversity of our sources of revenue and contribute to the stability of corporate earnings. International insurance broking is a continuing growth sector of the international insurance market. A minority investment in Stenhouse," Mr Barnes observed, "would allow Continental to share in that growth without changing in any way our relationship around the world with insurance brokers and independent agents who represent The Continental Insurance Companies, and other subsidiaries of Continental. Continental's strategy is to invest in insurance and insurance-related enterprises. Diversified insurance related services are showing growth and greater demand as changes continue to develop in the insurance world." The Stenhouse family and their associated interests have indicated that it is not their present intention to sell any shares. The Board of Stenhouse has declared an interim dividend for the year to 30th September, 1979 of 1.82p per share (1978—1.82p) which will be paid on 28th September to shareholders whose names appear on the register at close of business on 7th September. THIS ANNOUNCEMENT IS OF IMPORTANCE TO SHAREHOLDERS AND REQUIRES IMMEDIATE ATTENTION. If you are in any doubt about what action to take you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. Yours faithfully, John G. Stenhouse, Chairman."

UK COMPANY NEWS

BIDS AND DEALS

Coral down at midway but confident of year-end gain

TAXABLE profits of Coral Leisure Group fell in the first half to June 30, 1979. But the directors are confident that there will be a significant increase in the year-end surplus—the bulk of profits are now earned in the second-half.

At midway pre-tax profits fell from £7.14m to £5.85m on sales ahead from £13.6m to £15.5m. The surplus was struck after interest charges up from £1.89m to £3.02m.

For the whole of last year the group recorded taxable profits of £22.7m (£15.84m) and paid net dividends totalling 6.7p. The directors now say that they expect to increase the interim 13p to 10 pence.

Alcan (UK) falls at halfway

SALES of Alcan Aluminium (UK) amounted to £149.3m in the first half of 1979 against £136m previously but pre-tax profits were down from £5.1m to £3.6m.

The directors say that the expectation of lower levels of industrial activity in the UK over the rest of the year combined with rising costs, make it particularly difficult to forecast the future.

First half earnings per share are stated as 4.4p against 5.9p. The interim dividend is being maintained at 3.3p—last year's final was 5.6p when pre-tax profit was £10.5m.

On a current cost accounting basis, the first half showed a £4.7m (£1.2m) pre-tax loss.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date, Corrs. Total, Total last year. Includes Alcan (UK), Bridgewater Est., Great New Ntkn., Gwent Fields, Hallam Sleigh, Mercantile Inv., Pifco.

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Despite this, group turnover rose 14 per cent, and this trend, say the directors, should be maintained in future months of the year.

Commenting on the imbalance which emerged last year between the two halves of the year, the Board says this is exacerbated by the effect of inflation on divisions where escalating costs have to be offset against revenue.

The Board adds that while it expects a significant full-year

Alcan (UK) falls at halfway

The directors intend to undertake a substantial investment programme at Alcan Plate, Kitts Green, Birmingham, on successful completion of current negotiations on working practices which are already at an advanced stage.

Alcan Plate produces high technology plate for the aircraft, defence and engineering industries and is the only producer of aluminium plate in the UK.

£0.21m improvement by Pifco

FOR the year in April 30, 1979, Pifco, the electrical appliance manufacturer, reports pre-tax profit of £205,700 ahead at £1,520,400.

At the interim stage, when the advance was from £473,000 in £501,000, the directors said they expected full year results would reflect some progress.

Yearly earnings per 20p share are up from 15p to 17.01p and the final dividend is raised from 3p to 4p with a final payment of 3.05p.

The depreciation charge was £93,900 (£74,000) and tax took £768,700 (£694,000). A prior adjustment of £929,000 is deferred tax no longer required as a result of a change in accountancy policy.

Results due next week

Next Wednesday sees the announcement of second quarter profits of Imperial Chemical Industries. As known, first quarter profits were adversely affected to the tune of about £20m by the lorry drivers' strike and as late as May, well into the first half, the repercussions were still being felt.

Table of company results due next week, including Aeronaughtical & General Instruments, Aerostar, etc.

INSURANCE BASE RATES

Table with columns: Insurance type, Rate. Includes Vaoburg Guaranteed, Property Growth, etc.



Mr. Nicholas Coral, chairman of Coral Leisure Group, confident of a year-end increase.

Former Belhaven chief issues writ

Mr. Roy Ling, who was ousted as chairman of Belhaven Brewery Group while on a business trip to Bermuda three weeks ago, has issued a writ against the company for wrongful dismissal.

The company, which is now headed by Mr. Peter Rowlands who was appointed chairman on the same day he was co-opted to the board, said yesterday: "Should these proceedings be pursued they will be defended and a counter-claim lodged."

Downturn at Hallam Sleigh

Profits of Hallam Sleigh and Cheston were well down for the first half to March 31, 1979. The taxable surplus fell £80,000 to £15,000 on sales ahead from £2.12m to £2.83m.

The directors say the engineering group's performance was aggravated by the problems of the winter and a low increase in volume sales caused by production constraints.

At the year end the Board had said the whole of an anticipated increase in profits would come in the second half. Last year the group's taxable profits were steady at £159,000 from which they paid a total net dividend of 1.34p per 10p share.

Mr. Ching heads St. Piran

The Eastern presence on the Board of Saint Piran has been stepped up by the appointment announced yesterday of Mr. Robin Ching, who has become managing director and Mr. B. Green.

Mr. Ching is a director of Saint Piran Hong Kong and Mr. Green is a director of Gasco Investments, the Hong Kong company chaired by Mr. James Raper, the former chairman of Saint Piran.

Mercantile Investment

To the six months to July 31, 1979 Mercantile Investment Trust lifted total revenue from £3.2m to £3.69m and net revenue was ahead from £3.2m to £3.6m.

Institutions save the day for Bestobell

A LAST-MINUTE change of mind by three institutions helped Bestobell win its fight to stay independent yesterday, with BTR finally admitting defeat for its £20m bid after a close finish.

Shares of Bestobell, the food engineering and insulation company initially slashed to 200p on the news, later recovering to close at 400p for a loss on the day of 15p. BTR's shares gained 2p to 328p.

Nat. Carbonising to buy £3.8m stake in Weeks Petroleum

National Carbonising is to buy a 5.7 per cent stake costing £3.8m in Weeks Petroleum, a Bermuda-based oil exploration company recently listed on the Stock Exchange.

Shareholders were told of the purchase involving 2.7m shares of which 1.75m have already been bought by the new chairman, Mr. Graham Ferguson-Lacey, immediately after yesterday's annual meeting.

The purchase, financed by a foreign currency loan, will be to shareholders at a special meeting. Yesterday, Weeks' shares rose by 15p to 200p at which level the oil company is capitalised at £130.62m.

Carbonising's new energy divisions commercial distribution, formwork manufacture and minerals are being "reconsidered". The engineering side has been slimmed down by closures and Mr. Ferguson-Lacey admitted that in the near future.

Audiotronic shares suspended as bid for offshoot emerges

SHARES of Audiotronic Holdings were suspended at 13p, down 1p yesterday on the news that discussions are being held which may lead to an offer for a major subsidiary.

The distribution business consists of three subsidiaries, E. R. Factors, B. H. Morris and E. Adler. The latter two companies respectively distribute the Tripartite range of hi-fi equipment, the Eagle range. Factors is the wholesaling arm of the group.

SECOND BID FOR EDINBURGH ICE RINK

Edinburgh Ice Rink was on the receiving end of a second bid yesterday, with Glasgow Leisure offering a total of £21,000.

The bidding company is controlled by Mr. James Glasgow, a businessman who has built up a 35.7 per cent stake in the Edinburgh company and owns cutting rights in the west of Scotland. The bid comes as Edinburgh Ice Rink is still considering a recent offer from Murrayfield Ice Rink, which has been rejected.

The contest has been a hotly fought one, with Bestobell claiming that its bid under-valued the company and forecasting a profit rise of 30 per cent for this year. BTR has cast doubt on its ability to achieve this.

The takeover panel was also briefly involved when BTR complained about the way in which Bestobell worded its final major defence letter, but it decided to take no action.

In a different direction it was announced yesterday that BTR is planning to invest over £2m for a stake of 20-25 per cent in the overseas trading company of BIRTH, Greece, Australia. The John Swire group will hold 12 per cent, with BTR holding 30 per cent to move that to 50 per cent. "This marks the first important step of our entry into southeast Asia," said Mr. Green.

They are all to join the National Carbonising board. Mr. Ferguson-Lacey promised shareholders that the aim was not to turn the company into a "penny share" but to build up its energy interests including the original coal carbonising business. This, he said, showed great potential in South Africa and North America.

The purchase of the Weeks stake is to be complemented by a "pooling agreement" with a certain number of shareholders. Weeks, together, the parties would control 24.5 per cent of Weeks and they have agreed to vote all their shares together for 12 months. Certain pre-emptive rights over sales of the individual stakes have also been agreed.

The other parties include Dr. Paul Temple, who helped to set up Weeks with the late Dr. Lewis Weeks, the founder geologist. He has been associated with Weeks since 1976. His associates are Dr. David Morris and the Marquis de Casaccia.

LINDUSTRIES REJECTS HANSON

Lindustries has come out with a curt rejection of the repeat 135p a share bid from Hanson Trust, describing the terms as totally inadequate.

Hanson's bid values the company at £20.5m and the bidder has managed to raise its holding in Lindustries to nearly 15 per cent since the start of this month.

NEWMAN-TONKS SELLS DECORETIES

Newman-Tonks has signed conditional contracts for the sale of its 90 per cent holding in its subsidiary, Decoreties, for £240,000 payable in cash on completion.

The proposed sale is being made to a company formed for this purpose by the former management of Decoreties and TCO, which will be advised by substantial financial assistance. Decoreties and its 50 subsidiaries are engaged in the manufacture and marketing of industrial and decorative transfer and wall coverings.

MINING NEWS

GFSA pays 155 cents final

CGFA A\$6.5m Eneabba deal

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.

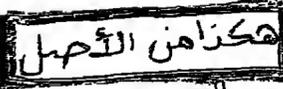
45 Cornhill, London EC3V 3PB, Tel. 01-623 6314. Index Guide as at August 16, 1979. Capital Fixed Interest Portfolio 117.59. Income Fixed Interest Portfolio 105.00.

CORAL INDEX: Close: 470-475

Correspondence: Mr. Kenneth Marton, Mining Editor

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SUMMARY OF THE WEEK'S COMPANY NEWS



GOLD FIELDS GROUP

GOLD FIELDS OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

Preliminary Announcement of Results

The audited consolidated profit for the year ended 30 June 1979 is as follows:

Table showing financial results for Gold Fields of South Africa Limited, including income from investments, expenditure, and earnings per share for 1979 and 1978.

These results are published in advance of the annual report which will be posted to members on or about 25 September 1979.

The surplus arising from the realisation of investments by the company itself, in order to finance other investments, of R5,308,000 equivalent to 38 cents per share...

DECLARATION OF FINAL DIVIDEND

Dividend No. 61 of 155 cents per share in respect of the year ended 30 June 1979 has been declared in South African currency...

Warraints will be posted on or about 4 October 1979. Standard conditions relating to the payment of dividends are obtainable at the share transfer offices...

Requests for payment of the dividend to South African currency by members on the United Kingdom register must be received by the company on or before 31 August 1979...

The Register of Members will be closed from 1 September to 7 September 1979, inclusive.

London Office: 9 Moorgate, London EC2R 6BQ.

United Kingdom Registrar: Chase Registrars Limited, 703 High Road, Leyton, London E15 7AA.

By order of the Board C. E. WENNER, London Secretary

17 August 1979

INTERIM STATEMENTS

Table of interim statements for various companies including Alexander Hedges, Benford Concrete, and others, showing half-year and pre-tax profit.

(Figures in parentheses are for corresponding period.) Dividends shown net except where otherwise stated.

* Adjusted for any intervening scrip issue. † 18 months. ‡ Unusually declared to November. § Trading profit. ¶ Net income. L Loss.

Rights Issues

Dares Estates: One-for-four at 21p raising £0.472m† Lateset: One-for-four at 110p raising £9.355m‡

† Approximate figure before expenses.

PRELIMINARY RESULTS

Table of preliminary results for companies like AG Research, Cavenham, Dale Elec, etc., showing year to pre-tax profit, earnings, and dividends.

Scrip Issue

Joseph Webb: One for eight.

Take-over bids and deals

Dalgely, the international agricultural and food merchandising group launched a £73.6m bid for Spillers, the second largest miller in Britain.

Redman Heenan's offer for Wellman Engineering was lapsed following the announcement that holders of 41.6 per cent of the latter's shares had approved the £5.17m acquisition of the Industrial Heating Business Department of General Electric of the U.S.

Lead Industries, in which Imetal of France has a near 25 per cent stake, agreed to pay \$50m (£22.3m) cash for several metal operations of NL Industries of New York in a deal that will significantly increase the UK company's turnover in the U.S.A.

Small table listing company bids for various shares like Algate Inds, Allen (Edgar), etc.

David Freud reports on the Inland Revenue's consultative paper on fringe benefits

Putting the brakes on motoring perks

THE INLAND Revenue's consultative paper is aimed at discouraging the growth in fringe benefits and, if possible, to bring about a contraction to such benefits.

It deals exclusively with car and petrol benefits. The document says that since car benefits are believed to account for about 80 per cent of the total value of fringe benefits, the Government felt it appropriate to begin with this sector.

The previous regime of very high personal tax rates encouraged remuneration in the form of non-cash benefits, and this was one of the reasons the Government initiated a programme of major direct tax cuts in the last Budget.

Such benefits are seldom shared logically or fairly between taxpayers, they distort and obscure the working of the employment market, and, by their nature, they result to a lesser or greater degree in a loss of revenue.

The use of company cars

UNDER PRESENT legislation directors and employees earning more than £6,500 with company cars are assessed for private use as well as for tax on the benefit in three different ways.

Where the business mileage on a company car is less than 10 per cent of the total, the user is taxed on the annual value of the use of the car, together with other expenses provided by the employer in the relevant proportion of business to private use.

Where the business mileage on a company car is less than 10 per cent of the total, the user is taxed on the annual value of the use of the car, together with other expenses provided by the employer in the relevant proportion of business to private use.

The document says that these considerations point towards a regime under which the scale figures might be increased to something broadly equivalent to the value of the benefit as measured for example by the AA estimates of the cost of running a car (suitably adapted).

Advertisement for M&G Unit Trusts, featuring 'AN OFFER FROM M&G UNIT TRUSTS' and 'FROM £1,000'.

Information services halt

POST OFFICE recorded information services originating in London were due to be off the air for about an hour from 6.30 this morning for essential maintenance work to be carried out.

Conference to discuss coast

THE PRESSURES which threaten Britain's coastline including tourism, industry and power generation are the subject of a conference at the University of Sussex on September 19 and 20.

Lavoffs blamed on imports

IDEAL CLOTHERS, of Wellesborough, Northamptonshire, is to lay off more than 70 workers because of competition from cheap foreign imports.

£60,000 search for happiness

DUNDEE University is receiving a £62,000 grant from the Scottish Health Education Unit to find out what makes people happy.

PHILIPS' LAMPS HOLDING

(N.V. Gemeenschappelijk Beziel van Aandeelen Philips' Gloeilampenfabrieken)

Half-Yearly Statement to 30th June 1979

This report combines the consolidated data of N.V. Philips' Gloeilampenfabrieken and those of the United States Philips Trust.

Table showing financial results for Philips' Lamps Holding, including sales, costs, trading profit, and net profit for 1979 and 1978.

At end of June Stocks (as a percentage of sales in the last 12 months) 1979 32.3, 1978 30.5.

Sales in the second quarter showed hardly any increase: Sales in the period from January to June the increase was 2% (in 1978: 10% and 7% in relation to the corresponding periods of 1977).

PHILIPS

which, as anticipated, will have to be made at the end of the financial year. Profit per ordinary share in 1979 and 1978 has been calculated on the basis of the number of ordinary shares as at 30 June 1979 and 31 December 1978.

WORLD STOCK MARKETS

Companies and Markets

Early small losses on Wall St.

INVESTMENT DOLLAR PREMIUM... Effective \$2,210 12 1/2% (13 1/2%)... Further small losses were recorded in fairly slow trading on Wall Street yesterday...

active trading... Continental Corporation eased \$1 to \$26... THE AMERICAN SE Market Value Index rose 1.55 to 208.53...

to \$37 on lower results... TOKYO - Slightly higher in active trading... Volume 300m shares...

MILAN - Mixed in fairly quiet trading... Most leading Industrials steadied... Financials showed some losses...

Index at \$61.85, was up 9 cents on the day and \$1.01 on the week... Trading volume sharply contracted...

The Oil and Gas Index put on 23.7 to 2,833.3... Metals and Minerals 1.4 to 1,373.8...

SWITZERLAND - Prices continued higher on active Domestic and Foreign demand...

PARIS - Generally easier in thin trading... Food shares weaker... Carrefour of FF 20 to 1,630 after first half profit figures...

Analysis said the recent interest rate increases, which in the past might have been a market negative, were being viewed as positive action to contain inflation...

Automotive Hardware "A" rose \$1 to \$15... Federal Pioneer "A" slipped \$1 to \$14...

AMSTERDAM - Mostly lower in quiet trading... Banks easier, Shippings mixed... State Loans slipped...

Stocks Aug 18 Aug 17... Control Debt 47 1/2 47 1/2... Johnson & Johnson 52 52... COPOL 52 52...

NEW YORK - DOW JONES

Table with columns: Aug 18, Aug 17, High, Low, Issues Traded, Rises, Falls, New Highs, New Lows

INDICES

Table with columns: Aug 18, Aug 17, High, Low, Industrial, Composite

Y.N.Y.E. ALL COMMON

Table with columns: Aug 18, Aug 17, High, Low, Industrial, Composite

Rises and Falls

Table with columns: Aug 18, Aug 17, High, Low, Issues Traded, Rises, Falls, New Highs, New Lows

STANDARD AND POORS... Table with columns: Aug 18, Aug 17, High, Low, Industrial, Composite

Table with columns: Aug 18, Aug 17, High, Low, Industrial, Composite

Table with columns: Aug 18, Aug 17, High, Low, Industrial, Composite

THURSDAY'S ACTIVE STOCKS... Table with columns: Stock, Price, % Change

F.T. CROSSWORD PUZZLE No. 4,051

A prize of £3 will be given to each of the senders of the first three correct solutions opened...



ACROSS 1 Bloomer to wed for money they say (8) 2 He can carry his beer (6) 3 Flower climbed behind stone (4, 4) 4 Blushing to take stroud drink to racehorse (3, 3) 5 Factory worker quite a number call generous (5) 6 Players willing to start handling (4, 2) 7 Handle like perhaps with others similar (3, 3, 4) 8 Happy with tiny bit of argument (10) 9 Spice for united teachers and Margaret (6) 10 Firing motorist welcomes for a start (8) 11 Ouzhi church to take chance with fur? (6) 12 Living with firm kind of hedge (5, 3) 13 Jokers takes West-end meal-time service... (3, 3) 14 If necessary when an arrest is made (2, 1, 5)!

RACING BY DOMINIC WIGAN

Niniski must win to keep Leger rating... IF NINISKI is to retain his position as second favourite behind the Queen's Millford...

theese provide some fascinating racing whatever the conditions... Ante-post backers with their eyes set on the week's feature handicap, the Tote Ebor would seem well advised to sort out these animals who relish plenty of cut in the ground...

NEWBURY... Table with columns: Race, Horses, Odds

came in similar ground, and two looser priced animals, Move and Arrow, will be the main contenders... Move O'H's sire, Farms Walk, was a dour battler who invariably made his presence felt under stiff weights in smart handicap company...

SPAIN... Table with columns: Country, % Change

BRAZIL... Table with columns: Country, % Change

SOLUTION TO PUZZLE No. 4,050... 1 Intimidates superior on Scots loch at start of day (9) 2 Run away with revolution to follow (4, 4) 3 Line-shooter gets love story right (8) 4 Discover what was transmitted in sound (5, 3) 5 Hate a man for disfiguring detested thing (8) 6 Girl gets writer to run away (8) 7 Old Nick turns up with upbitching in Kent (6) 8 Discovers way to strike boy and Margaret (6) 9 Ouzhi church to take chance with fur? (6) 10 Living with firm kind of hedge (5, 3) 11 Jokers takes West-end meal-time service... (3, 3) 12 If necessary when an arrest is made (2, 1, 5)!

SOLUTION AND WINNERS OF PUZZLE No. 4,045... Following are winners of last Saturday's prize puzzle: Mr. J. Maclean, 4 Woodfield Lane, Stutton, nr Ipswich; Miss B. Moore, 17 Wadhams Street, Weston-super-Mare, Avon.

Table with columns: Country, % Change

Table with columns: Country, % Change

Table with columns: Country, % Change

Table with columns: Country, % Change

NEW YORK

Large table of stock prices for various companies and markets including NY, London, Paris, Tokyo, etc.

GERMANY

Table of stock prices for Germany

AUSTRALIA

Table of stock prices for Australia

PARIS

Table of stock prices for Paris

STOCKHOLM

Table of stock prices for Stockholm

TOKYO

Table of stock prices for Tokyo

SWITZERLAND

Table of stock prices for Switzerland

AMSTERDAM

Table of stock prices for Amsterdam

MILAN

Table of stock prices for Milan

Source: Nikko Securities, Tokyo

Companies and Markets

Andresens Bank may merge with Christania

By Fay Gjester in Oslo
TWO OF NORWAY'S leading commercial banks, Christania Bank and Andresens Bank, are considering a merger in a deal which could be worth Nkr133m (\$27m).

BHP to ask shareholders for A\$135m rights cash

By James FORTH in Sydney

AUSTRALIA'S largest industrial group and sole steelmaker, Broken Hill Proprietary, plans to raise about A\$135m (\$51m) through a rights issue.

capital. BHP will also issue a further 300,000 shares to be allocated to the BHP wages retirement fund and the BHP staff superannuation fund.

Aircraft financing from JAL

By Charles Smith, Far East Editor, in Tokyo

JAPAN AIRLINES (JAL) is to increase its capital by the equivalent of \$55m from ¥49.7bn to ¥104.7bn later this year by a public share issue and a rights issue to existing shareholders.

The return to a net profit on a consolidated basis was attributed to a combination of lower raw material import costs (as a result of the higher yen).

Ansett lifts stake in Ampol to 20%

By Our Sydney Correspondent

ANSETT Transport Industries moved back into the share market yesterday, boosting its holding in Ampol Petroleum from 14 per cent to 20 per cent and sparking off counter-buying.

Car leaders uncertain on Chrysler price rebates

DETROIT—General Motors Corporation and Ford Motor Company appear reluctant to follow Chrysler Corporation's plan to offer \$400 cash rebates to customers in a bid to boost its faltering sales and provide an influx of much-needed cash.

Chrysler intends to offer payments direct from the factory to customers, to entice more people in Chrysler showrooms and break the logjam of unsold units currently held by both the company and its dealers.

Upsurge at Hewlett-Packard

By Our Financial Staff

HEWLETT-PACKARD, claimed to be the world's largest maker of electronic measuring instruments, has reported a further upsurge in earnings in the third quarter, indicating that the year-end total may surpass the 30 per cent increase predicted by stock market analysts.

European operations provided 28 per cent of sales and 24 per cent of operating income last year, with other foreign operations bringing in 1.4 per cent and 4.9 per cent respectively.

Dresser little changed in third quarter

By Our Financial Staff

DRESSER INDUSTRIES, the Houston-based manufacturer of equipment for the oil and gas and chemical industries, saw net earnings for the third quarter ended July 31 edge upwards from \$50.2m or \$1.28 a share to \$52.3m or \$1.35 a share.

energy and natural resources markets. At the nine months stage, earnings were 11.8 per cent ahead at \$133.5m or \$3.07 a share compared with \$127.7m or \$3.02.

The First Viking Commodity Trusts. Offer 36,840 BID 35. Commodity & General Management Co Ltd.

COMMODITIES/REVIEW OF THE WEEK

Producer buying boosts coffee

PRODUCER SUPPORT buying has again the major influence in the coffee market where the November position closed \$76 higher at \$1,802 a tonne following a \$28.5 rise yesterday.

MARKET REPORTS

BASE METALS

COPPER—Quietly firm on the London Metal Exchange, forward metal traded between \$200 and \$205 throughout the day before closing the late Feb at \$205.5 with the market steady by the continuing supply situation.

GRAINS

The market opened 20p higher in the morning session and remained steady in the afternoon with some buying in the nearby barley options.

AMERICAN MARKETS

NEW YORK, August 17. THE LIVESTOCK market opened on improved demand which limited cash markets.

WEEKLY PRICE CHANGES

Table with columns: Commodity, Unit, 1979 High, 1979 Low, Change on week, Year ago. Includes Metals, Grains, Oils, and Other Commodities.



Amalgamated Metal Trading reported that in the morning, cash metals traded at \$299.96, three months \$292.91, 62.83 Caledonia, three months \$282.91, 62.83.

SILVER

Silver was steady 10.55p on the London market for spot delivery in ounce terms.

RUBBER

The London physical market opened with a slight increase at 10.25p for latex, closing on a quiet note.

COCOA

Cocoa futures advanced from 100 to 101.50 on the London market for spot delivery.

COFFEE

London coffee futures opened 10 higher and during a quiet morning session the market consolidated in a narrow range.

ZINC

ZINC—Declined throughout the day with forward metal finally \$202.5, 12.00, 20.00.

INDICES

Table showing Financial Times and Dow Jones indices for August 16, 1979.

MOODY'S

Table showing Moody's indices for August 16, 1979.

SOYABEAN MEAL

The London market opened around 12 higher, but immediately came under long liquidation pressure.

SUGAR

LONDON DAILY PRICE (raw sugar) per cwt (100 lb) a tonne of for August.

MEAT/VEGETABLES

ENGLISH PRODUCE—Prices in sterling per cwt (100 lb) a tonne of for August.

Financial Times Saturday August 18 1979. Table listing various financial instruments, shares, and bonds with their respective prices and values.

Table listing various financial instruments, shares, and bonds with their respective prices and values.

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Additional text at the bottom of the page, including a note about the building society rates and other financial information.

LONDON STOCK EXCHANGE

Inflation worries revive in markets lacking investment support and equity index loses Thursday's rise of 5.5

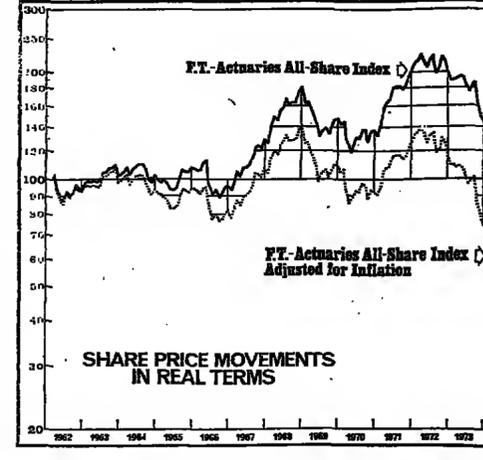
Account Dealing Dates
Optimism
*First Dealers' Last Account Dealings...

exciting fashion, slipped to show closing losses of 1/2 and the new 230-paid top stock Echequer...

Elsewhere, Royals, at 37p, lost just over half of the previous day's gain of 13 following profit-taking...

statements but still reflecting the warning on profit margins. Dale Electronic eased 3 more to 22p for a fall of 12 on the week...

Spillers were against holders and the shares finished a penny cheaper at 50p; the announcement...



LONDON TRADED OPTIONS table with columns for Option, Expiry, Closing offer, Vol., etc.

House of Fraser firm
With the exception of House of Fraser, which hardened 2 to 14p...

Engineering leaders ended the week quietly and dull. Scattered offerings left John Brown 12 lower at 42p...

FINANCIAL TIMES STOCK INDICES table with columns for Govt. Secs., Fixed Interest, Industrial, etc.

HIGHS AND LOWS table with columns for Govt. Secs., Fixed Int., Ind. Ord., Gold Mines, etc.

Golds firmer
South African Golds ended a generally quiet session with a flourish following the \$1.75 rise in the bullion price...

NEW HIGHS AND LOWS FOR 1979 table with columns for Share, Information, etc.

ACTIVE STOCKS YESTERDAY table with columns for Stock, Denomina., Closing price, etc.

OPTIONS DEALING DATES table with columns for First, Last, Declared, etc.

FT-ACTUARIES SHARE INDICES table with columns for EQUITY GROUPS & SUB-SECTIONS, Index No., etc.

ON THE WEEK table with columns for Stock, Denomina., Closing price, etc.

RECENT ISSUES table with columns for Issue Price, Latest Renunc., etc.

RISES AND FALLS table with columns for British Funds, Govts, Comps, etc.

BASE LENDING RATES table with columns for Bank, Rate, etc.

"RIGHTS" OFFERS table with columns for Issue Price, Latest Renunc., etc.

FIXED INTEREST STOCKS table with columns for Issue Price, Latest Renunc., etc.

FIXED INTEREST PRICE INDICES table with columns for British Govt., 1-5 years, etc.

Renunciation date usually last day for dealing in free of stamp duty. Figures based on prospectus estimate. g Assumed dividend and yield. f Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. O Gross. Figures assumed only for restricted dividends. s Placing price to public. p Pence unless otherwise indicated. f Issues by tender. 3 Offered to holders of ordinary shares as a rights. ** Issued by way of capitalization. # Reintroduced. + Issued in connection with reorganisation, merger or takeover. @ Introduction of former preference holders. @ Allotment letters (or fully-paid). @ Provisional or partly-paid allotment letters. @ With warrants. @ Unlisted securities. # Issued as units comprising 2 Income shares and 10 Capital shares at 125p per unit.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Allied Hambro Group, and others, with columns for name, manager, and other details.

Table listing insurance and property bonds, including Crown Life Assurance, Lloyds Life Assurance, and others, with columns for name, details, and rates.

Table listing various financial services and trusts, including Towner Unit Trust, Trades Unit Trust, and others, with columns for name, manager, and details.

OFFSHORE & OSEAS FUNDS

Table listing offshore and overseas funds, including Alexander Fund, Allen Harvey & Ross, and others, with columns for name, manager, and details.

NOTES: Prices do not include 5 percent commission... unless otherwise indicated.

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FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont

BRITISH FUNDS

Table of British Funds with columns for Stock, Price, and Div. Yield. Includes sub-sections for 'Shorts' (Treasury 3pc, 7pc, 10pc) and 'Five to Fifteen Years'.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Stock, Price, and Div. Yield. Includes sub-sections for 'AMERICANS' and 'CANADIANS'.

BANKS & HP—Continued

Table of Banks & HP with columns for Stock, Price, and Div. Yield.

CHEMICALS, PLASTICS—Cont

Table of Chemicals, Plastics with columns for Stock, Price, and Div. Yield.

ENGINEERING—Continued

Table of Engineering with columns for Stock, Price, and Div. Yield.

AMERICANS

Table of American stocks with columns for Stock, Price, and Div. Yield.

Hire Purchase, etc.

Table of Hire Purchase, etc. with columns for Stock, Price, and Div. Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Stock, Price, and Div. Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Stock, Price, and Div. Yield.

CANADIANS

Table of Canadian stocks with columns for Stock, Price, and Div. Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Stock, Price, and Div. Yield.

ELECTRICALS

Table of Electricals with columns for Stock, Price, and Div. Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Stock, Price, and Div. Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Stock, Price, and Div. Yield.

INDUSTRIALS (Miscel)

Table of Industrials (Miscellaneous) with columns for Stock, Price, and Div. Yield.

INTERNATIONAL BANK

Table of International Bank with columns for Stock, Price, and Div. Yield.

CORPORATION LOANS

Table of Corporation Loans with columns for Stock, Price, and Div. Yield.

LOANS

Table of Loans with columns for Stock, Price, and Div. Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Stock, Price, and Div. Yield.

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مكتبة من الأصول

Financial Times Saturday August 18 1979

Table with multiple columns for stock prices and company names under the heading 'INDUSTRIALS-Continued'. Includes companies like Anglo American, Anglo Coal, Anglo Oil, etc.

Table with multiple columns for stock prices and company names under the heading 'INSURANCE-Continued'. Includes companies like Anglo Assurance, Anglo Life, etc.

Table with multiple columns for stock prices and company names under the heading 'PROPERTY-Continued'. Includes companies like Anglo Property, Anglo Estate, etc.

Table with multiple columns for stock prices and company names under the heading 'INVESTMENT TRUSTS-Cont.'. Includes companies like Anglo Investment, Anglo Trust, etc.

Table with multiple columns for stock prices and company names under the heading 'FINANCE, LAND-Continued'. Includes companies like Anglo Finance, Anglo Land, etc.

Chesterfields advertisement featuring the brand name in a stylized font.

Table with columns for 'MINES-Continued AUSTRALIAN'. Lists various mining companies and their stock prices.

Table with columns for 'TINS'. Lists tin mining companies and their stock prices.

Table with columns for 'COPPER'. Lists copper mining companies and their stock prices.

Table with columns for 'MISCELLANEOUS'. Lists various other companies and their stock prices.

Table with columns for 'GOLDS EX-PRIMUM'. Lists gold mining companies and their stock prices.

Table with columns for 'RUBBERS AND SISALS'. Lists rubber and sisal companies and their stock prices.

Table with columns for 'INDIA AND BANGLADESH'. Lists companies from India and Bangladesh.

Table with columns for 'SRI LANKA'. Lists companies from Sri Lanka.

Table with columns for 'AFRICA'. Lists companies from Africa.

Table with columns for 'CENTRAL RAND'. Lists companies from the Central Rand region.

Table with columns for 'EASTERN RAND'. Lists companies from the Eastern Rand region.

Table with columns for 'FAR WEST RAND'. Lists companies from the Far West Rand region.

Table with columns for 'O.F.S.'. Lists companies from the O.F.S. region.

Table with columns for 'DIAMOND AND PLATINUM'. Lists diamond and platinum mining companies.

Table with columns for 'CENTRAL AFRICAN'. Lists companies from Central Africa.

Table with columns for 'MOTORS, AIRCRAFT TRADES'. Lists companies in the motor and aircraft industries.

Table with columns for 'SHIPPING'. Lists shipping companies and their stock prices.

Table with columns for 'SHOES AND LEATHER'. Lists shoe and leather companies.

Table with columns for 'SOUTH AFRICAN'. Lists companies from South Africa.

Table with columns for 'TEXTILES'. Lists textile companies and their stock prices.

Table with columns for 'NEWSPAPERS, PUBLISHERS'. Lists newspaper and publishing companies.

Table with columns for 'PAPER, PRINTING, ADVERTISING'. Lists paper, printing, and advertising companies.

Table with columns for 'TOBACCO'. Lists tobacco companies and their stock prices.

Table with columns for 'TRUSTS, FINANCE, LAND'. Lists companies in trusts, finance, and land sectors.

Table with columns for 'PROPERTY'. Lists real estate and property companies.

Table with columns for 'INSURANCE'. Lists insurance companies and their stock prices.

Notes section containing various financial and market-related notes and disclaimers.

Table with columns for 'REGIONAL MARKETS'. Lists various regional market indices and data.

Table with columns for 'OPTIONS 3-month Call Rates'. Lists options and call rates data.



Bain Dawes A worldwide insurance broking service

MAN OF THE WEEK

Records are there to break

BY MICHAEL THOMPSON-NOEL

EVEN SPORTSWRITERS, that ingenious race of men, occasionally find themselves bankrupt of superlatives.



Sebastian Coe Has made superlatives redundant

menal," wrote one. "Amazing," cried another, while one of the dozens of the trade opined that young Mr. Coe—23 year old and very fresh of face—was "completing a sheer Odyssey of stupendous running."

Israel rejects U.S. plan for Palestine

BY DAVID LENNON IN TEL AVIV

THE ISRAELI Government has told Mr. Robert Strauss, president Jimmy Carter's Middle East envoy, that it rejects Washington's proposal for a new UN Security Council resolution recognising Palestinian rights.

Menahem Begin, Prime Minister, and the Foreign and Defence Ministers, "We carefully spelt out what we see as potential problems on the horizon in the UN, problems that could be productive or counter-productive."

Curbs on heavy crude lifted

By David Buchan in Washington

President Jimmy Carter gave the oil companies fresh price and profit incentives yesterday to extract heavy crude deposits in the West and South of the U.S., before departing for his "working vacation" down the Mississippi, in which he is to continue to promote his energy programme.

He signed an executive order immediately ending Federal price controls on heavy crude oil, a viscous, tar-like substance, which must be heated for extraction.

THE LEX COLUMN The sterling risk and gilt-edged uncertainty

Index rose 5.5 to 4742

he stages of the short tap are paying dearly for their indiscretion in trying to buy out the Government Broker on Thursday. The stock has slipped to a small discount to its tender price, and is 1/2 point below the level at which the GB last supplied.

Nevertheless, a £1.3m drop in interim pre-tax profits to £5.8m is disappointing especially if one knocks off £0.8m profit on the disposal of Coral's stake in Associated Leisure.

probably knocked profits to £2m or £3m. The transport strike and the strength of sterling have also depressed the figures—around a quarter of Alcan's semi-fabricated products are exported and most of its costs arise in sterling.

April-June growth 3%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE ECONOMY grew rapidly during the early summer, but this mainly represented recovery from the low levels of activity of the winter and the upturn may not be sustained.

Table with 2 columns: Year, Gross Domestic Product (at constant prices, 1975=100). Rows for 1974, 1975, 1976, 1977, 1978, 1979 (1st, 2nd, 3rd, 4th quarters).

activity in the distributive and motor trades. Most leading forecasters—including those in Whitehall—have projected a flat level of output in the second half of the year.

ITV companies will hold out

BY NICK GARNETT, LABOUR STAFF

THE INDEPENDENT television companies appear to have decided that they will see the service shut down for up to five weeks more rather than make any significant improvement in their pay offer to production staff.

of making a very determined resistance to moving beyond the present offer of an overall 15 per cent. Programmes have not been transmitted for a week.

Dunbee issues new accounts

BY JOHN MAKINSON

TOY manufacturer Dunbee-Comber-Max is sending shareholders a new set of 1978 accounts because of "certain errors of description and classification" in the original version.

accounts was Mr. Basil Feldman, the joint managing director, who was unavailable for comment last night. The other was Dunbee's chairman Lord Westwood.

Retail price index

Yesterday's figures do not indicate any significant deterioration in the underlying trend. After excluding the once-and-for-all effect of the Budget measures, the index rose by roughly 1.2 per cent last month, the same as in recent months.

He said the TUC's attack on the index, in advance of its publication, was misconceived and self-contradictory. The TUC was not, as the TUC claimed, a measurement of the standard of living.

Murray

Continued from Page 1

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Weather

UK TODAY EASTERN areas cloudy, some rain in N.E. Western areas dry, sunny periods.

Worldwide

Table with 3 columns: Country, Y day, M day. Lists weather conditions for various countries like Algeria, Amman, Bahrain, Beirut, Bogota, Bombay, Buenos Aires, Calcutta, Cardiff, Casablanca, Cape Town, Chicago, Copenhagen, Dublin, Edinburgh, Freetown, Frankfurt, Geneva, Gibraltar, Glasgow, Gmsny, Helsinki, Innsbruck, Istanbul, Lima, Lisbon, London, Lyons, Madrid, Manila, Mexico City, Moscow, Munich, New Delhi, New York, Naples, New Orleans, Ottawa, Paris, Rome, Santiago, Sao Paulo, Seville, Singapore, Stockholm, Strasbourg, Sydney, Taipei, Tehran, Tel Aviv, Toronto, Tokyo, Tunis, Valencia, Vancouver, Vienna, Warsaw, Zurich.

Extra Income

Schlesinger Extra Income Trust 9.7% per annum.

Following the drastic reductions in direct personal taxation in the Budget, there is now a major incentive for many more people to save and invest for income.

Form with fields for Name, Address, Telephone, and checkboxes for investment preferences.

Schlesinger Extra Income Trust. Schlesingers manage over £120,000,000 of private, institutional, and pension funds.

